

FAR EASTERN ECONOMIC REVIEW

Vol. XX

Hongkong, April 12, 1956.

No. 15

Economic Geology in Hongkong 449 Philippines Developments in the Philippines 451 Singapore Reports from Singapore 453 Indonesia Economic Review of Indonesia .. 456	China Reports from China 461 Hongkong Exports of Hongkong Products in 1955 467 Glass Marble Industry of Hong- kong 470 Hongkong Statistical Reports (January) 471	Finance & Commerce The Mercantile Bank of India .. 463 Hongkong Exchange Markets 472 Hongkong Share Market 474 Hongkong Stock Exchange in March 475 Singapore Share Market 475 March Trade Reports 476 Hongkong Company Incorpora- tions 480
--	---	---

ECONOMIC GEOLOGY IN HONGKONG

By B. P. Ruxton M.A., F.G.S.

(University of Hongkong)

Economic geology is that branch of geology which deals with the exploration for, and the investigation and development of, our natural mineral and rock resources. Writing the introduction to "The Geology of Hongkong and the New Territories", Dr. R. W. Brock stated:*

"With the increase not only in scientific knowledge but more particularly in its application to the arts and industries, the need for a geological survey of a country has become widely recognised. Until this information has been secured, its natural resources and industrial possibilities must remain imperfectly known. Mining is not the only basal industry that depends upon the nature of the rocks. The nature of the soils, vital to agriculture and forestry depends upon the rocks from which they are derived. The solution of water supply problems and of many if not most of the larger engineering problems is greatly facilitated by and often absolutely dependent upon geological information.

To save effort and expense it is as valuable to know what should not be expected as to know what is likely to be found. The need for this information was brought home to the British Government during the War (1914-1918) when the ordinary sources of supply of key materials were cut off and the Empire was thrown more or less on its own

resources. Money that could ill be afforded and time that meant many lives were lost through not knowing where such materials were to be found, and in trying to secure them where they did not occur and were to be found only in unworkable amounts. It was primarily to secure such information concerning the territory under its administration that the Government of Hongkong instituted this Geological Survey."

I have quoted Dr. Brock at length to show that the Canadian team of geologists who worked on this Colony between 1923 and 1936 were fully alive to the purposes of their survey, and, consequently, they devoted a considerable portion of their time in the field and in their researches in the University of British Columbia, towards solving problems of economic geology.

In a recent article in the Far Eastern Economic Review we saw that C. M. Weld was the first to publish a detailed account of one of our metallic ore deposits in 1914 when he studied the magnetite ore body at Ma On Shan. Dr. C. M. Heanley (a physician) and Mr. W. Schofield (a District Officer) discovered many important geological facts and mineral localities, including the graphite seams on West Brother Island, prior to the arrival of the Canadian geologists, but they never published a detailed account of their work.

* Report to the Government of Hongkong on the Geology of Hongkong and the Leased Territories by R. W. Brock, S.J. Schofield, M. Y. Williams, W. L. Uglow and T. C. Phemister 1948. Edited by M. Y. Williams. Unpublished.

It was in 1926 that the Canadian geologists published their first important summary on the geology of the Colony. R. W. Brock and S. J. Schofield presented a paper entitled "The Geological History and Metallogenetic Epochs of Hongkong" to the Third Pan-Pacific Congress in Tokyo. Here they gave a brief account of their findings both in the general geology and in the genesis of the metallic ore minerals. About the same time W. L. Uglow, prior to his death in an aeroplane accident, had laid a sessional paper before the Legislative Council entitled "Geology and Mineral Resources of the Colony of Hongkong". He gave a short account of the metalliferous deposits, commenting on the possibilities of exploiting lead from the scattered galena deposits in the Colony, and then went on to discuss the non-metallic minerals. Here he included clays, sands, the brick industry, soils, quartz, and building stones, concluding with a brief section on water supply and engineering geology, commenting on the dangers of landslides. He carried out a detailed survey of the Po Hing Fong collapse which occurred on July 17th, 1925, and stressed the fact, "that such a rock as the Hongkong granite is a source of weakness rather than stability under conditions of tropical weathering, and should be so considered in the matter of foundations and heavy superstructures." He continued, "Its relatively easy decomposition to a slippery buff-coloured clay permits the formation in it of planes or surfaces of slipping parallel to the hill slopes, on which landslides may readily occur." The essence of Uglow's work has been reiterated in a recent publication, unacknowledged.

In 1948, Professor Williams, the only surviving member of the Canadian team of geologists, submitted a report to the Hongkong Government entitled "The Geology of Hongkong and the Leased Territories." This report, as it was submitted, has never been published, though of it, it has been said that there were several major omissions including no mention of the economic geology. This, however, is not the case, Chapters X and XI, (covering some 55 pages out of a total of 295 pages), were exclusively devoted to the economic geology of the Colony; indeed a considerable and extensive mention! The author has found no major omissions in this report; there are, naturally, some typographical and other errors, and some contradictory statements due to the fact that five different geologists each made their own considered interpretations of the complex problems involved. Pages 178—179 inclusive constituted Chapter X and were headed "The Metallogenetic Epochs of Hongkong, by S. J. Schofield", and under the title of "Economic Geology" on page 179 one can read:—

"The Chapter on Economic Geology is almost entirely restricted to the non-metallics on account of their importance to the colony. The part devoted to the metallics is necessarily short, since there are no deposits of metallic minerals of economic importance in the colony. Because of the death in an aeroplane accident of Dean Brock, who was in charge

of the whole survey of the colony as well as the metallic section of the chapter on economic geology, the treatment of it must suffer greatly. The details of each deposit cannot be given without another short field season in Hongkong."

Professor M. Y. Williams wrote a short note on "Metalliferous Deposits" (pages 180-181 inclusive) restricting his remarks to the Ober Mine at Lin Ma Hang. Dr. Brock's chapter on "Non-Metallic Mineral Deposits and Building Materials" (pages 182-233) however, represent the main contribution made by the Canadians to the economic geology of Hongkong, and it is an excellent survey of the clays and clay minerals giving the uses to which each type can be put. It is to be noted that one can find this chapter reproduced elsewhere without full acknowledgements.

Since the departure of the Canadian geologists no major work has been accomplished in the field of economic geology and activities have often been confined to random prospecting with advice drawn largely from inexperienced amateurs, who, in many cases, have been willing to turn their hand to any and all problems that have arisen. This is indeed unfortunate, and in certain cases has led to very undesirable consequences. As W. L. Uglow noted in 1926 "While the geologist cannot guarantee the fulfilment of underground forecasts or programmes that he makes, nevertheless he can, by securing their adoption, greatly reduce unnecessary expenditure, eliminate many chances of failure, and prevent "wild-cat" financial exploitation."

It is hoped that in the not too distant future the Colony may benefit from the advantages of the services of a fully qualified economic geologist. This branch of science is, and has been for a long time, highly specialised and even fully qualified, experienced geologists often hesitate before presuming to encroach in this field. It is a sensible body which demands not only a full and comprehensive report from the expert it calls in to help solve its problems, but also insists that he be fully qualified and acting in a bona fide capacity.

We can conclude that in a small colony, where eminent experts in some fields are rare, it is well to adopt a critical attitude towards those who make sweeping claims to have conquered some specialised study. Only by criticism and by constant vigilance may we achieve a high standard of progress.

REFERENCES

- | | | |
|---------------------------------|------|---|
| Brock, R.W. and Schofield, S.J. | 1926 | The Geological History and Metallogenetic Epochs of Hongkong.
Proc. 3rd Pan-Pacific Science Congress, Tokyo. |
| Uglow, W.L. | 1926 | Geology and Mineral Resources of the Colony of Hongkong. Sessional Paper, Hongkong Govt. |
| Williams, M.Y. et alia | 1948 | The Geology of Hongkong and the Leased Territories. Unpublished. |

DEVELOPMENTS IN THE PHILIPPINES

A sweeping reorganization of the administrative structure of the government, worked out last year by a government Survey and Reorganization Commission, was submitted to Congress by Pres. Magsaysay. An outstanding feature of the sweeping proposals calls for the creation of two new offices, the heads of which will have cabinet rank. These will be the Department of General Services and the Central Information Office. The new Central Information Office will have under its jurisdiction the government radio station, and the Philippine Information Agency.

One object of the reorganization plan is to give the barrios a greater share of the public service and bring government workers into closer touch with the rural areas and people. The Department of Agriculture and Natural Resources will serve as the main contact. The Office of Economic Coordination and the National Development Company will be abolished. Their functions will be taken over by an enlarged new agency to be called the National Development Authority. The Department of Commerce and Industry will have three new bureaus—Domestic Trade, Foreign Trade, and Industrial Promotion.

A bill to set up a government arsenal to manufacture small arms and munitions was approved by the Senate.

Congressional reaction to Pres. Magsaysay's proposed record budget of P1,347,600,000 was an unfavorable one at the size of the suggested outlay. Some congressmen squirmed at the \$80,000,000 in new taxes which it includes. But legislative observers predicted that opposition would gradually simmer down and that Congress would approve the budget as submitted. Rep. Jose J. Roy, chairman of the House economic planning committee, declared: "The inclusion in the budget of outlays for economic development, comprising about one-half of the P1.3 billion, is a frank and courageous step in acquainting the people with the collective will of the executive department and Congress in embarking on a bold economic development program through deficit or credit financing." The budget, large as it is, was regarded as a rebuke to a group of economic planners in the government who would have the government expand credit up to P4 billion in an attempt to spend the country into prosperity. The budget, as submitted, reflects the views of a more conservative group, concerned with the stability of the peso. Alfonso Calalang, president of the Bankers Association of the Philippines, thinks that the budget is a realistic approach to the country's economic problems. There will be some inflation with the release of the additional public funds, but inflationary tendencies will not be great. The deficit spending will be for the long range benefit of the country. It is the only way to step up production and create more jobs in the shortest possible time.

In urging an expanded money supply for the Philippines, former N.E.C. chairman Alfredo Montelibano pointed out that in 1954 the percentage of money supply to national income in the U.S. was 68.1%, while in the Philippines it was only 15.7%. He inferred that the substandard level of living was attributable to this disparity. He did not favor the proposed creation of a \$1 billion currency stabilization fund to be set up by the United States. Instead he favors a large loan from the United States or Great Britain to be used for development purposes.

The Security Bank and Trust Co., in its annual report, noted that general recessionary trends in the Philippine

economy in 1955 were prevented from becoming cumulative by heavy national development expenditures supported by easier credit policies and the relaxation of some controls. The bank saw no prospect for the Philippines to relax control over imports, since there is no definite indication of a substantial improvement in foreign exchange earnings and in the balance of payments this year.

A bill which would allocate to Filipino importers at least 75% of the foreign exchange available for the payment of imports is being backed up by the Chamber of Commerce of the Philippines. This bill provides that only Filipino citizens or firms which are 75% Filipino-owned would qualify as Filipino importers.

Hilton Hotels International is considering plans for a 300-room hotel in Manila. There is an obvious need for such a hotel and for other improved local travel facilities. The Philippines, and Manila especially, constitute a very important tourist attraction.

In Manila there are the following first-class hotels: Manila, Bayview, Filipinas, Shellborne, Luneta. Though often there is plenty of accommodation available, when tourist trade will be improved, more hotel space will be necessary. New hotels could also be built in the provinces. Only in Baguio exists a first-class hotel, the Pines Hotel. In other cities, such as Cebu, Davao, Zamboanga, only second-class hotels operate. The services provided by especially Manila Hotel are in the luxury class with no equal in the Far East except Japan. A new Hilton hotel in Manila will induce more tourists to come to the Philippines; but real promotion by the Government is needed such as easier issue of tourist visas, at no fee, liberal exchange import by bona-fide tourists, reduced rates for hotel accommodation.

A revolutionary new-type rice and corn enrichment machine has been designed and produced especially for the Philippines by Robert I. Kaufman, inventor-manufacturer of Malden, Massachusetts. The first model of the mobile unit, which can process up to 100 sacks of grain per hour, has been purchased by a Philippine firm, the Industrial Manufacturing Corp. It will travel from barrio to barrio in Cebu province, charging farmers a small service fee for the milling of their corn. The inventor claims that it will cheaply turn out cereal with five to ten times the vitamin content of regular polished rice and will provide a "painless and fraud-free method" of enforcing the grain enrichment laws of the Philippines.

The recently organized government-owned Abaca Corporation has closed contracts with two of the biggest world buyers for decorticated hemp being produced at the ABACORP plant in Kapalong, Davao. The buyers are R.L. Pritchard & Sons of New York and Landauer & Co. of London. Management estimates that it will realize P129,400 from the first six months of operation of the plant.

The Philippines and South Vietnam are considering a barter agreement for trading Saigon rice for Philippine sugar. Vietnam's minister of economics estimates that his country will be able to export about 300,000 tons of rice by the end of March. The Philippines abandoned a proposed rice-sugar deal with Burma, because the parties could not get together on a satisfactory value equation between

the two commodities. The Philippines is considering offers from two European countries for 20,000 tons of sugar.

Pres. Magsaysay authorized the National Rice and Corn Corp. to import 100,000 tons of rice this year, preferably on a barter basis, to cover an expected deficit of 75,000 in the country's requirements. NARIC will buy rice only when necessary.

Philippine Oil reported a "continuing flow of dry gas" out of the first hole it has drilled in the company's concessions in the Cagayan Valley. The operation of loosening a cave-in around the drill pipe and recovering the latter was completed successfully. To protect the hole against further caving a steel casing is being set in down to a depth of 1,842 feet.

Itogon Mining Co. pay a 10% dividend, equivalent to one centavo per share. This is the first postwar dividend declared by the company. It follows full liquidation and payment, four months ahead of schedule, of the company's P1,000,000 indebtedness to the RFC. Itogon announces its January production as having a value of P313,560.

The government-controlled Manila Gas Corp. reports that the firm last year installed 1,611 new meters for commercial and industrial customers. Total gas supplied during 1955 amounted to 6,900,000 cubic meters, an increase of 35% over sales for the preceding year. Out of a total income for 1955 of P2,385,000, the corporation realized a net profit of about P630,000. The profit was plowed back into the company to increase the capital investment.

Month of January

January developments showed moderate gains in major business indicators. The highlights during the month were: International Reserves rose to \$218.40 million, up by \$9.19 million from the year-end balance but still \$48.25 million less than the year-ago total. Cost of Living dropped slightly by 0.7 point to 308.2 per cent (1941 = 100) from the year-end level of 308.9 per cent. Prices followed mixed trends with the all-items index of retail prices of selected commodities in Manila (1949 = 100) losing 0.4 point from its previous level. General wholesale prices (1949 = 100) dipped by 0.9 point, wholesale prices of imported products (1949 = 100) gained moderately by 3.1 points and wholesale prices of export products (1949 = 100) increased slightly by 0.4 point. Foreign Trade continued to be adverse. Imports still exceeded exports and total trade deficit in November, 1955, the latest for which final figures are available, reached P44.6 million or P15.9 million more than the deficit the month previous. Money Supply continued its expansionary trend in December, the latest for which final figures are available, exceeding the previous month's level (P1,278.6 million) by P59.8 million, thus bringing total money supply to P1,338.4 million. Domestic Credits of the Central Bank and Other Banks maintained its uptrend in December, the latest for which final figures are available, as the total reached P1,753.1 million or P73.5 million more than the previous level. Staple Products featured mixed trends in the domestic and foreign markets. Prices were generally higher than those of the preceding period as reflected by gains that were bigger and more numerous than losses. Securities showed another new postwar record with total value of shares traded amounting to P29.8 million which is P1.0 million over the record high reached in 1955. This record surpassed the September 1955 record-breaking total of P28.8 million. Building Construction depicted brisker activity, totalling P5.3 million against the previous level of P3.8 million.

REPORTS FROM SINGAPORE

The Minister for Lands, Local Government and Housing, Che Abdul Hamid bin Haji Jumat last January opened an exhibition which was the first publication of Singapore's Master Plan which has been three years in the making, under the general guidance of Sir George Pepler as Town Planning Adviser, and the detailed direction of Mr. D. Komlosy, head of the Diagnostic Survey Team. It was described by the Minister as the most important event in the economic and social life of Singapore since its foundation and an "ideal, not easy of achievement, but to be worked for with good-will and enthusiasm." The Report reaches the conclusion "that the feature which overshadow all others is the rapid increase in population and its relation to the limited area of land." Total population in 1972 on present trends will reach 2,000,000 and of these 46% will be 14 and under, a startling and unique figure. Employment for the growing population is not foreseen in commercial activity, important as trade is to Singapore, but in secondary industries, for which the plan has reserved 2,500 acres. Even then it is estimated that the population which can be supported at the present standard of living will in 1972 be 200,000 short of the total population. To give adequate housing to this growing population, 10,000 new homes a year supplemented by 2550 attap houses will be necessary, and there will be a major transfer of population from the central area with its present density of 400 persons per acre to the urban and rural planning areas, to allow a reduction of overall density to 300 per acre, and reduce maximum densities from 1000 to 560 per acre. The planned building rate will be double the highest yet achieved.

By 1972, the primary school population in the age-group of 7-12 will be 20% of the total population requiring 10 new school buildings a year, in addition to secondary and technical schools. Other services e.g. hospitals and clinics, community centres, as well as religious and entertainment buildings will be required in proportion. The Plan recommends the increase of open space for recreation from the present city proportion of .84 to 2.7 acres per 1000 of the population in the central and urban areas and a Green Belt of 6,838 acres at the edge of the present urban area. At present, 1 person in 40 owns a car, and 1 in 6 a bicycle, and the Report estimates that the number of vehicles will increase 3 to 4 times during the period of the Plan. Public utilities, it is said, can readily be adopted to the requirements of the Plan.

The report recommends that future use of land should be related to a Regional Scheme taking into account land in the Federation of Malaya and other adjacent areas of S.E. Asia. Within the island, there should be a redistribution of population, reducing that of the central area from 30.4% to 14.3% of the population and increasing that of the rural area from 19.7% to 34.3%. A "comprehensive redevelopment by a public authority" is recommended for the Central Area "which presents problems equal in magnitude to those in any similar area throughout the world, demanding a solution acceptable to the 300,000 people who live there at present and satisfying the growing civic pride in the City." The Urban Planning area is divided into 16 districts for which detailed recommendations are made. In general its population will increase from 657,400 to 1,092,750. The Rural Planning Area has been divided into 11 Rural Planning Districts with full provision to preserve agricultural and fishing areas. But the major proposal is for 3 New Towns at Woodlands (near the Johore Causeway), Bulim (near Tengah) and Yio Chu Kang (in the area

of Neesoon) and for two urban areas in the vicinities of Bedok-Changi and Bukit Panjang. Woodlands would have a population of 80,000, Bulim of 85,000 and Yeo Chu Kang of 35,000. Work on these projects would begin when development of the present Queenstown and Toa Payoh areas is complete.

The Plan gives no estimate of cost, but comments that the Plan will not cost more money, but as development is inevitable, its adoption would make for economy, for "if development is unco-ordinated and sporadic, waste and confusion are inevitable".

The Malayanisation Commission under the Chairmanship of Dr. Screenivasan has reached the most difficult part of its task in considering the higher M.C.S. administrative posts. Although the Commission has decided to bring the City Council and other public bodies within the scope of their recommendations, it is expected that they will make a preliminary report on the Government Service to allow time for its discussion and for the formation of Government policy before the constitutional talks at the Colonial Office in April. Although the public sessions have been concerned with hearing evidence on the possible increases in the speed of advance towards complete Malayanisation in the different departments, questions of training, and of compensation have been discussed in private session and in sub-committees, and will be discussed in the report now being drafted.

The Commission have been thorough, but there has been some criticism of the method of public sessions in contrast to the committee of Ministers which, under the Chairmanship of the Chief Minister and in private session, has been considering the implementation of the same policy of Malayanisation in the Federation. The public impression in Singapore is that the allegations put before the Commission has been of delays in the past, with outspoken attribution of motives and with the burden of complaint that things have got to such a pass that "expatriates" and "in-patriates" cannot work together. These public accusations and ventilations of past grievances have inevitably but not irretrievably had their effect on the harmony and efficiency of the Civil Services. In the full stream of emotion which has been aroused and which has obscured for the public and for the Service some of the basic administrative problems, the expatriate has not unnaturally been under, what the Director of Personnel Mr. John Higham has called "emotional tension", but work is loyally carried on. The President of the M.C.S. Association, Mr. Middleton-Smith has said in commenting on Mr. Higham's views "I do not think we have ever doubted the assurance of Government that we will be treated fairly". Nevertheless, the number of applications from young officers for transfer is increasing.

The Vice-Chancellor of the University has announced the setting up of a new Faculty of Social and Administrative Studies—(the word political is still coyly avoided!). Such a department is none too early at this stage of Malaya's development. Meanwhile, Deans of the Faculties of Arts, and of Science and 16 other staff members, all Chinese but one, have arrived for the Nanyang University opened in March. Many of the buildings are now completed in Chinese style on an excellent if distant site on the Jurong Road. 300 students are already taking preparatory classes in two of the Chinese Middle Schools, but Mr. Tan Lark Sye forecasts 3000 by the end of 1957. There is no intention yet to appoint a successor to Dr. Lin Yutang as Chancellor, or a Vice-Chancellor, and the University is clearly going to be on a lower key than was previously planned. That it will

be clear of politics is being repeatedly but never convincingly claimed.

The fact remains that this university is disliked by the non-Chinese members of the community, and many Chinese also hold that its establishment was a political error. At the opening of the university the Chinese leaders emphasised that it was a Chinese university, that its establishment must be regarded as the "most important event in the history of the overseas Chinese", that the promotion of Chinese language and culture was the aim and goal of the university. The name of this university appeared in Chinese characters which other members of the community cannot read. While direct political motives are not clearly discernible, the upholding and intensification of Chinese language and culture in Singapore will lead to an increase rather than an abatement of communal feelings, and will strengthen the apprehensions among Malays who fear for their future in their own country. In the long run it will be found that the establishment of this Nanyang (south seas) University was a psychological and therefore political mistake.

February has been a month of continued political uncertainty. The formation of the Liberal-Socialist Party out of the former Progressive and Democratic parties led to moves for closer association with the Labour Front, and even for their joining the Government. This has been opposed by the P.A.P. who have said they will support the present Coalition Government and by the UMNO-MCA members. Meanwhile the balance of the Assembly remains equal. The solid success of the Federation Mission has made the UMNO members in Singapore more vocal in support of joining with the Federation now. One poster which welcomed the Federation Chief Minister in Singapore said Singapore must not become the "West Irian of Malaya", an explosively misleading comparison. While the crowds who met the Chief Minister of the Federation in Malacca on his return, interrupted his reference to his policy of bringing Penang back to "the peninsula" to shout "Take Singapore too." The Tengku replied "I am confident that with God's help, Singapore will come back to the fold." He emphasised however it must be the wish of the people of Singapore. And Che Abdul Hamid, the Singapore Minister for Local Government, Lands and Housing, produced, in his capacity as leader of UMNO in Singapore, a map of Malaya showing Singapore as part of the Federation.

These events make talk of independence for Singapore suspect in quarters which formerly supported it, as being a step to keep Singapore and the Federation apart. Yet the problem remains as it was before—not whether there should be closer constitutional association (there has always been agreement on an affirmative answer) but on the form, terms and timing of the association. On these, there are differences of opinion which are genuine and strong and only to be overcome by realistic discussion on what is at stake for both territories.

The Chief Minister made a statement on his talks in London and the meeting with Commonwealth leaders in his journey to and from London. The Press and public reaction in the U.K., he said, created an atmosphere which augured well for the April meetings, and he found heartening the fact that the Asian members of the Commonwealth were "eager to welcome Singapore amidst the family of independent Asian nations." They would be consulted before the April talks, on the "memoranda on the precise nature of Singapore's aspirations".

He also made a statement on the Baling talks. His conclusion was this "I have come away from this meeting absolutely convinced in my own mind that neither the independence of these territories nor the welfare of the people

matters in the slightest to the Malayan Communist Party. Their sole exclusive and all-embracing interest is the expansion of their own brand of Communism, the people don't matters. The members of the Communist Party and their sympathisers will only cease their activities of brutality when they are convinced that they are losing the sympathy of the people by the continuation of these tactics. It is for the people and for the Press to make it clear that under the democratic process and by legitimate peaceful means we are achieving freedom and prosperity and want none of the brutalities."

The Assembly passed without a dissenting voice a motion in favour of multilingualism laying to rest an issue which more than any other dominated the election and determined so unexpectedly the shape of the new Government. For the Chief Minister who proposed the motion, of which he was "prouder than of any other Government measure", "In this plural society of ours if we seek justice for all we must reject mono-lingualism and we must give equal respect to as many of the major languages as meets the needs of the people." He saw in Bombay and Ceylon the warning of the "explosive content of language conflicts", but there were greater dangers in denying "the principle now and forever of equal justice for all races". The difficulties too he foresaw, but they could be overcome. Later he referred to fears of the domination of one community. It was right that the Chinese as the majority should have a preponderant voice in government, but he asked the minorities "not to give way to any emotional feelings of apprehension" but "to have faith in the value and the law of Parliamentary procedure," for Singapore's Chinese were the "most adaptable, peaceable and reasonable he had ever known". Of special interest was the effective speech in support by Mr. John Ede, as the one elected European member and as Spokesman of the Party which suffered heavily last April for its stand on the issue of multi-lingualism.

The Legislative Assembly also debated a motion in favour of introducing television by giving an exclusive licence to a commercial firm. Although proposed by Mr. Chew Swee Kee, Minister for Education, and supported by the Chief Minister, it was not a Government motion. This brought the paradoxical position of the Chief Secretary, Mr. W. A. C. Goode, the Minister for Communications and Works, Mr. Francis Thomas and the leader of P.A.P., Mr. Lee Kuan Yew in association in opposing the motion as inconsistent with Socialist principles and supporting its organisation by a Government department or public corporation. The debate was based on three tenders already submitted in reply to an official advertisement last year. The opposition concentrated on the dangers of commercial exploitation of a major organ of public opinion and public taste. The Chief Minister, Mr. David Marshall, said he wanted television as an instrument of cultural understanding between the peoples of Singapore; and with the many urgent calls for public funds, he saw the only plan for immediate introduction in allowing commercial organisation under proper public safeguards, and with provision for eventual Government purchase. In the end the Assembly decided to set up a Select Committee to explore methods of introducing television.

Three grenades and 18 injuries were the Communist contributions to Singapore's February. The incidents occurred on the eve of the anniversary of the foundation of the Communist—christened and created Malayan Races Liberation Army in 1949, and a week before the ending of the amnesty. The three attacks on police were well-planned and timed as a series, and had one grenade not been defective, the casualties, serious enough with 5 treated in hospital, would have been much more serious. There was no effect on police morale, and the attacks were universally con-

demned. The Chief Minister, Mr. Marshall, condemned them as the acts of "murderers, cowards and hypocrites". He pointed the moral that "these Communist hypocrites who pretend to be fighting for our independence are gravely endangering the possibility of our constitutional progress." Mr. Lee Kuan Yew of the PAP promised to "support any move to suppress terrorism". It made an answer more difficult to the contention of the American "Newsweek" of the previous week that "nowhere in the Far East is the Red menace, more acute than in Singapore."

The 16-day strike of the 9,000 members of the PAP-led Singapore Naval Base Labour Union ended in February with no success gained and \$600,000 in wages lost to the workers. The pretext of the strike was that two of discharged workers had been evicted from their quarters, though the date of eviction had been postponed to a date agreed with the Union. The Union demanded re-instatement of the two families, and a promise not to evict without a court order. Both were rejected and an attempt to raise the smoke-screen of the rights of the Admiralty petered out. They were 16 lost days in every sense.

In February but not before the Chinese New Year, the S.T.C. buses returned to the roads after a strike of 2800 men lasting 142 days. The report of the Court of Enquiry under Justice Tan Ah Tah was published giving substantial increases to the workers, but not of the order the Union had demanded and held out for in spite of attempts at negotiations and at a resumption of work pending the announcement of the findings of the Inquiry they had announced in advance they would accept. The Company also accepted the findings but with a show of reluctance which brought criticism from the Chief Minister and offset some of the management's criticism of the Union. The Court made no award of back pay which is a major advance in industrial negotiations. But the experience has not brought nearer a system or spirit of industrial negotiation to prevent such long periods of public inconvenience. On the other hand, it has not brought any access of credit to the PAP-associated group of Trade Unions.

A Report of the All-Party Committee of the Singapore Legislative Assembly on Chinese Education was published which has its background in the troubled days of the May riots after which the Chinese schools were temporarily closed because of the part their students had taken in the events leading up to the riots and in the riots themselves. The aim was to bring the new approach of elected representatives of the people to the dominant problem of the education of Singapore's future citizens whose education was entrusted to schools outside the orbit of the policy of the Ministry of Education. Members of all parties and communities were represented and they have produced a report and the main conclusion is this: That, the greatest hope for multi-racial Singapore being to ensure the younger generation growing up under the Best Conditions of Inter-Mingling, everything should be done to break down mutual exclusiveness between the two streams of Education—English and Vernacular—and positive measures should be undertaken to that end, especially in the vast fields of extramural activities. That through furthering the interests of education, Bilingual or Trilingual, everyone can assist in the overall aim to build a nation out of racial groups with different cultural backgrounds and languages, whilst ensuring that full educational opportunities will be given to all our children, and progress towards self-government and ultimate independence achieved.

The basic recommendation is equal treatment for all schools, and to ensure the appearance of equality, there should be one Education Ordinance for all schools. Chinese Schools too would be able to draw capital grants as well as grants-in-aid, according to the present system for the Aided

Schools. Malayan-focussed text-books would be provided by a Pan-Malayan Text Book Committee for all schools. Teachers would be inter-changeable and joint extramural activities encouraged. On the crucial language issue they recommend primary education in two languages—the mother language and English—adding a third at the secondary stage. While there would be civics teaching in all schools, students should not participate in active Party politics or actively participate in trade or industrial disputes. They wish the present system of School Management on Chinese Schools to be continued in a strengthened form with the appointment of a Disciplinary Sub-Committee. They recommend too that Government should run one Primary and one Middle School after the Chinese pattern to answer those who have doubted Government's sincerity in wishing to preserve Chinese education.

The signs that the old instinctive re-action of "Hands Off" would prevail were unfortunately misleading, and while the old sensitiveness to suggestions of any lower status for Chinese schools is still just below the surface, there has been no emotional re-action or political demonstration to preclude the responsible rational consideration which alone can convert their hopes into lasting and healing facts.

ECONOMIC REVIEW OF INDONESIA

The present government's policy with regard to external payments and the internal inflationary danger has shown good results in this last quarter: the gold and convertible foreign exchange backing to the currency—which has a statutory minimum of 20 per cent—stood at 23.5 per cent at the end of September 1955 and rose to 29.2 per cent at the end of December, the highest level since September 1953. This achievement is, however, only the first step, and, if a sound and prosperous economy is to be established, it will be necessary to continue a stringent and purposeful economic policy both in the immediate future and in the longer run. While the present government appear willing to do this, there will be less hope of such progress if there is change in leadership.

Voting in the general election continues, but while it is estimated that over 80 per cent of the population have gone to the polls, the latest reports indicate that a new government cannot be formed until March or April of this year at the earliest. Until the formation of a new government, the present administration will act as caretaker, according to a vote taken in the middle of November, when the Cabinet was supported in the House of Representatives by 135 votes to 2 with 2 abstentions. This result should not be interpreted as indicating the country's confidence in the Harahap government, as opposition has been extremely bitter, and their retention as a caretaker government was due only to the absence of all Nationalist (PNI), Communist (PKI), and Progressive members of the House. Many of the government policies have been under heavy fire from several quarters, including President Sukarno, and while this opposition has apparently not yet damaged its policy making, it will be increasingly difficult to press ahead with reform without the co-operation of the other parties.

Coalition prospects more favourable: In addition, as the Harahap government is dominated by the Masjumi, the continuation of such policies—although in the national interest—may jeopardise the position of the Masjumi party in the formation of the new government in the spring. On the basis of the election results available, there are four parties commanding a national following; the PNI is at the top of the list with 8.3 million votes. The Masjumi come second with 7.2 million, followed by Nahdatul Ulama and the PKI with 6.8 million and 6.1 million votes respectively. Ten small parties have merged to form a new nationalist party, the IPPNI, but it is too small to be of national importance. It is understood that the concluding part of the election is expected to improve the position of the Masjumi vis-a-vis the PNI, and that less corruption in the running of the remaining elections may worsen the standing of the PKI.

It is clear, however, that the position of the leading parties are close enough to prevent any one party, either by itself, or with the co-operation of a single other party, from forming a workable government. The prospects are rather for a coalition of three of the main parties. The Moslem parties—that is the Masjumi and the Nahdatul Ulama—are unwilling to co-operate with the PKI, which may force the PNI to side with the Moslem groups in order to form a government. While such a coalition would probably be the best in the circumstances, it is not likely that it would follow such a stringent economic policy as the present government. More important posts would go to the PNI, whose previous

administration did little to improve the economic situation of the country, and to the Nahdatul Ulama, who are still inexperienced. It is to be hoped that the Masjumi and their allies would retain at least the economic ministries, and indeed the economic stability of the country depends heavily on this.

Voting for the Constituent Assembly: A further complicating factor in the political life of the country is the election of a Constituent Assembly, which is to draw up a Constitution to replace the present provisional one. Latest reports indicate that voting for this body has progressed better than the other elections, although no reports as to the make-up of the Assembly are yet available. However, as the elections are being held so soon after voting for the House of Representatives, and as the franchise in the two elections is similar, the party composition of the two bodies is expected to be much the same, with a fairly even party balance. This fact, combined with important cleavages of opinion among the parties about the new Constitution—which include the status of the Moslem religion and the possibility of a second house—may well mean that a long time will elapse before a new Constitution can be framed. While this may be an unsettling influence on the new government, it will at least delay the holding of new general elections, and give the electorate a change to judge the working of the new government.

Good neighbour policy in international field: Meanwhile, the present administration continues to renew and extend relations with other countries. A Dutch-Indonesian Conference met at The Hague at the beginning of December: it later moved to Geneva. Negotiations were broken off owing to opposition from two pro-government Muslim parties but have since been resumed. The main points of discussion are changes in the legal, financial and economic relations between the two countries as defined in August 1954, and although the West Irian problem appears on the agenda, it appears with the reservation that both sides maintain their own standpoints on sovereignty. While no concrete agreements have been reached, it is reported that discussion has on both sides been very frank and has served to establish better relations between the two countries. However, the holding of this conference has met with severe criticism both from Holland and, more particularly, from Indonesia.

The Australian Minister for External Affairs, Mr. Casey, paid a four day visit to Indonesia, which may be followed by a visit from the Prime Minister, Mr. Menzies, and by an Indonesian goodwill mission. The New Zealand Minister for External Affairs also paid a visit, and an Indonesian mission is in turn to visit New Zealand. Vice-President Hatta visited both India and Burma and there is to be a treaty governing cultural relations with the former country. A similar treaty has been concluded with Egypt, who are expected to send a goodwill mission to Indonesia, while similar missions have been exchanged with Malaya and with Singapore. Talks were held with Malaya on the interchange of experts and information on agriculture and on the fusion of the two languages.

ECONOMIC PLANS AND POLICIES

Inflationary pressure relieved: It appears that the effects of the government's anti-inflationary policy are being felt: the prices of textiles are now about 40 per cent below July-August prices, while the prices of second hand cars and most foodstuffs have also fallen. The price of rice still remains high, but it is planned to import 300,000 tons in 1956 to reduce and stabilize prices. The degree of confidence en-

The above review was compiled by the Economist Intelligence Unit, London, who are issuing on practically every country in the world quarterly reports together with voluminous statistics and charts and geographic maps. Interested persons or organisations may enquire for subscription rates and other services to be supplied by the Economist Organisation either directly to the head office: The Economist Intelligence Unit, 22 Ryder Street, London, S.W. 1; or to the Hongkong representative, Mr. Eric E. Halpern, 322 Queen's Building, Hongkong.

gendered by these policies is indicated in movements of gold and foreign currency prices in terms of the Rupiah.

	Gold price (free market)	Black Market Rates of Exchange				Dutch Guilder
	Rp. per kilogram	US\$	£	Malay \$		
7.10.55	56,000	35	90	11.25		9.25
4.11.55	55,000	37.5	97.50	12.25		10.5
2.12.55	53,750	34	92.50	11.00		10
23.12.55	53,250	32.50	85.00	11.00		9

Generally, the value of the Rupiah appreciated over this last quarter; the price of gold fell to Rp. 50,000 in the middle of December and the increase noticeable towards the end of December was due to lack of confidence stemming from the Air Force mutiny, and from some traders covering their weekend and holiday rupiah risk by buying gold, rather than from lack of confidence in the economy itself.

However, although prices have fallen, they still remain high and have been the cause of complaints to the government made by the Indonesian Central Organisation of Trade Unions (SOSBI). The government cannot afford to relax its efforts, nor in fact does it seem likely to: the announced policy continues to concentrate on defeating inflation by restricting the money supply on the one hand, and on the other hand by increasing supplies of both scarce home produced and imported goods—the latter only in so far as this does not damage the payments and foreign reserves position.

Fall in advances to government and money supply: The inflationary increase in the money supply has come about through the government's financing of its internal deficit by advances from the Bank Indonesia, which stood at Rp. 9,619 million in September of this year. However, the last quarter has seen a fall in Bank Indonesia advances to the government—the first check since June 1953—and at the end of December they amounted to Rp. 7,913 million. Part of this fall in advances to the government is reflected in the decrease in the money supply from Rp. 10,517 million at the end of September to Rs. 10,028 million at the end of December—the first check to the increase in the money supply since the beginning of 1954.

1957 Budget balance aimed at: The government has planned to alter budget policy in order to reduce its borrowing from the Bank Indonesia, and therefore for further curtailment of the money supply. The 1955 budget estimates originally allowed for a deficit of Rp. 3,500 million, but reduced expenditure has restricted this deficit to approximately Rp. 2,000 million with the possibility that it may have been reduced further to Rp. 1,500 million. The 1956 budget allows for a gross expenditure of Rp. 19,000 million against a gross revenue of Rp. 18,000 million, leaving a deficit of Rp. 1,000 million. Given a continuation of this budget policy, it is hoped to achieve a balance in 1957, which would bring the money supply well under control but it must be emphasised that this depends entirely upon the financial leadership of the parties in power.

Increased supplies of goods to be available: However, in the shorter run, the budget economies are not by themselves enough to curb inflation, and it has been found necessary to increase the supply of goods through facilitating imports on the one hand, and encouraging Indonesian production on the other.

Granting of Import Licences speeded up: The import of goods has been facilitated by the clarification of the new import regulations and various amendments aimed at promoting efficiency. Goods grouped in categories III (luxuries) and IV (extreme luxury goods) are no longer to be auctioned to the highest bidder, but to be charged an additional import duty, (TPI), of 200 per cent and 400 per cent respectively. The work of granting import licences for all goods including controlled goods, such as cambrics and newsprint, which were previously handled by a special agency, has been put into the hand of the single importing body,

the Trade and Foreign Exchange Bureau, while the setting up of an Import Planning Board, for rational planning of imports, is projected. A minor amendment to the new import restrictions is that imports of samples, display articles, gifts and objects for personal use can be authorised whatever their value.

Inquiries continue to be made into the reliability of importers. On the other hand, the position of Indonesian nationals in the import trade has been further strengthened, so that they only may import textile products, while they will be accorded preferential treatment in respect of imports from certain Asian countries. Imports from Japan will be handled by them exclusively, and a certain proportion of available foreign exchange will be ear-marked for their use. The position of the non-Indonesian national on the other hand has been rather weakened, as if the value of imports ordered exceeds the Rp. 5 million (\$435,000)* which they are required to deposit with a foreign exchange bank before a foreign exchange permit is granted, an additional amount must be deposited to cover the difference. This strengthening of the Indonesian national is not likely to lead to greater efficiency in importing, but the overall effect of changes in import regulations in the past months has been to facilitate the granting of import licences considerably: reports from Indonesia indicate that they are now being granted a few weeks after application, instead of a few months as under the old system. In consequence the supply of imported goods has become easier.

Foreign exchange allotments for imports increase: In the attempt to increase imports of certain goods, not only have import channels been made more efficient, but importers have been allowed more foreign exchange. The total value of import licences issued during the period September-November was about Rp. 1,400 million (\$121.7 million), or an average of about Rp. 470 million per month, compared with an average of about Rp. 400 million per month during the period January-July 1955. It is announced that a special amount of foreign exchange has been set aside for the Lebaran Festival next June in order to avoid difficulties experienced in past years. Banks have been urged to extend credit to Indonesian importers, and efforts are being made to finance imports of capital goods on credit.

Efforts to stimulate exports: In order to offset increased supplies of imports, and thus to protect foreign reserves, plans have been made to increase exports by giving premiums and reducing export duties and by improving the channels of export.

A new and more liberal export tariff has been instituted to replace the old system of a general export duty of 8 per cent, to which there were many exceptions, combined with an extra export duty on some products, varying with the state of world markets. Now extra export duties have been removed from all goods, and general export duties removed from pepper, factory sugar, tobacco and palm oil and palm kernels. On some goods the general export duty has been reduced, and copra and coffee will now pay 3 per cent general export duty and 1 per cent statistical duty, and petroleum and petroleum products 4 per cent plus 1 per cent statistical duty. The general export duty on tin is unchanged at 8 per cent plus Rp. 3.50 per 100 kgs. plus 1 per cent statistical duty, but of course, the extra export duty disappears. Rubber—considered a "strong" export—now bears a considerably increased export duty: in the third quarter of 1955 this stood at 29 rupiah cents, in the fourth quarter at 3 rupiah cents, and it is to be 65.4 rupiah cents during the first quarter of 1956.

In addition the drawback system on "weak" exports, which has already been considerably amended, has been re-

* All conversions at the official selling rate of Rp. 11.48 per US\$.

placed by premiums of 10 per cent on the fob export proceeds of all shipment of Indonesian products to foreign countries, with the exception of copra, coffee, palm oil and seeds, mineral oil and products, tin, leaf tobacco, granulated sugar and rubber. There will be an export premium of 5 per cent on the fob rupiah value of pepper exports.

A continued close check is being maintained on exporters to prevent smuggling, and to discourage the diversion of foreign exchange into the black market. Seven exporting houses have been found to be breaking the new regulations and it is probable that their activities will be suspended. As a result of these measures, monthly export values are thought to be rising, and the new 10 per cent subsidy has resulted in most commodities becoming rather more competitive.

Protection to encourage home industry: It is hoped on the other hand to increase the supply of home produced goods, and to this end the government has banned certain imports: rulers, exercise books, frame covers and saddle bags, black-boards, knives, beer, paints (except marine and spray), certain types of radios, chamois leather, coloured woven sarongs, certain piecegoods (slendang and kains) closely woven, of which 90 per cent or more of the yarn is coloured and woven in a regular pattern, checkered of one colour (ginghams etc.), and piecegoods which have the appearance of kains produced in Indonesia, and mantles for pressure lamps.

Indonesian business interests are reported to have requested a larger list of protected goods comprising 40 items and including boot polish, bags and trunks, sewing machines, singlets and margarine.

In order to relieve textile manufacturers of difficulties in obtaining raw materials, the 50 per cent TPI on weaving yarns has been abolished.

Attempts to attract foreign capital: Any important expansion of domestic industry to provide for the home market will depend for some years, in the absence of government expenditure, on foreign investment, and with this in view, the government issued a statement of policy in regard to foreign capital investment, pending the promulgation of the necessary bill.

Foreign capital will be allowed free entry into Indonesian enterprises—except where restrictions may be imposed to prevent too much investment in one particular sector—with the following exceptions: it may not enter industries reserved to the State, such as electric power plants, those reserved to Indonesian nationals, such as small scale industries traditionally Indonesian, and certain industries basic to the economic development of the country, where foreign capital participation will be limited to not more than 49 per cent of the total capital investment. New regulations regarding land tenure are planned: for suitable industrial enterprises, leases in the form of building rights will be granted for a maximum period of 40 years, while large-scale agricultural estates will be given land rights for a maximum period of 30-40 years. Both may be extended if this is considered necessary. Enterprises will be allowed to employ necessary foreign staff, although conditions will be set for each enterprise regarding the number of foreign employees. Enterprises operating solely with foreign capital may transfer both total profits, after deduction of taxes, and expenses for foreign staff, while enterprises working only partly with foreign capital may transfer a proportion of total profits similar to their share in total capital investment. International agreements will be sought to obviate double taxation. Nationalisation will not take place without previous agreement on compensation, while measures will be passed to relieve the burden on foreign enterprises established after 1st January 1950, and to allow existing foreign enterprises to adapt themselves to the new situation.

This statement of policy is much more generous than that issued early in 1954 and an act based on these lines, if it were efficiently administered, would be a revolutionary change from the treatment hitherto accorded to foreign capital in Indonesia, which has been marked by extreme hostility, and efforts calculated to make life as difficult as possible for foreign concerns. They have suffered from insecurity of tenure, and from difficulties in securing supplies of imported goods, which were accentuated by the requirement of dealing with Indonesian importers. Taxes and levies are now so burdensome that out of every £100 earned in profits, only £21. 12s. may be remitted—that is when permission can be obtained.

The recent judgment of the Djakarta court of justice, which ordered the government to pay the gas and electricity company (OGEM) Rp. 50 million (\$4.3 million) compensation for nationalisation, after the decision had been contested by the previous government, is a further hopeful indication. But it cannot be too strongly emphasised that the passage of the proposed new law, and the wise administration of it, if it is passed, depend on the Masjumi having a predominant place in the new government.

FIVE YEAR PLAN FOR DEVELOPMENT

The government's need to reduce expenditure in order to keep inflation in check has already been referred to: it is apparent from the following table that development expenditure has already been cut back by almost half in this current year.

Development Expenditure in the Public Sector
(Mn. Rupiahs)

	Budget 1954 (Revised)	Budget 1955
Agriculture	226.4	111.9
Forestry	35.6	32.4
Fisheries	18.6	10.6
Transport	990.5	485.2
Fuel and Power	329.2	245.7
Mining (other than coal)	120.7	31.8
Industry	261.7	104.8
Social Capital	324.6	208.9
Others	127.8	68.4
Total	2,435.1	1,299.7

While there is a projected fall in expenditure on agriculture, expenditure on irrigation will be largely maintained in order to cut down on imports of foodstuffs. Within the category "Transport", roads and harbours will suffer least, but expenditure on shipping is to be greatly reduced, from Rp. 145.5 million (\$12.6 million) in 1954 to Rp. 37.6 million in 1955, and there may thus be some delay in the nationalisation of coastal and inter-insular services. There have been particularly heavy reductions in expenditure for mining and industry, as these are fields where the government feels there are greater possibilities for the investment of foreign capital.

The Five Year Plan: As there has been a reduction in development expenditure, it becomes increasingly important to allocate available funds in an economical and co-ordinated manner, and the five year plan for investment and development must be considered in the light of this need. The plan envisages the expenditure of Rp. 11,400 million (\$900 million), 13 per cent of which will be spent on agriculture, livestock, fisheries and forestry, 25 per cent on mining and manufacturing industries, 25 per cent on electric power and irrigation, 25 per cent on communications, including the construction of highways, and 12 per cent for social purposes, such as education, health and housing.

The Planning Bureau considers that the production of electric power must be given priority, as it is the key to industrial development, and in particular there are plans for pushing ahead with the development of the Asahan Valley

(Sumatra) and Djatiluhur (West Java) schemes. Although the Asaham hydro-electric scheme is designed ultimately for a capacity of 800,000 kw, the present five year plan does not go beyond 100,000 kw: the scheme includes also a fertiliser plant, an aluminium plant and several other industries. The Djatiluhur river dam is estimated to be able to irrigate some 100,000 hectares of agricultural land, and produce 350,000 kw of electricity for industrial purposes.

Development proceeds: Irrigation works are being carried out in the Greater Djakarta region, where the Tjiubur dam is under construction: this dam will be able to irrigate 1,730 acres of rice fields in that area. The Polor dam in the Kebondjeruk region is being repaired at a cost of Rp. 100,000 and its completion will allow the irrigation of thousands more hectares of rice fields. A reservoir is under construction which by May 1956 should be able to provide 1,000 litres of water per hour for Djakarta. Rp. 350 million (\$30.4 million) has been allocated for the construction of a harbour at Bitung, North Sulawesi, which is to become the centre of the East Indonesian copra trade. The Ministry of Commerce has in addition approved the Railway Bureau's five year plan, beginning 1956, for the re-habilitation of the railways in Java, Madura and Sumatra at a total cost of Rp. 3,800 million: the sum will be spent on truck repairs and new diesel engines.

In the field of industrial development, there are plans for a national copra mill to be set up at Bagelen (Mid-Java) at the cost of Rp. 60,000. The government and the Bank Industrie Negara will jointly set up a ramie weaving factory with a working capital amounting to one million rupiahs. It is understood that the necessary machinery will arrive in Indonesia next June while the structural materials will arrive in the following January. Five pilot industries are being set up in mid-Java to give technical as well as economic guidance to local enterprises. These include a ceramic factory, an iron works, a smelting furnace and a metal brass factory.

FOREIGN TRADE AND PAYMENTS

Payments position shows marked improvement

Foreign Trade (excluding petroleum)

	(Mn. Rp.)	(monthly averages)	
		1954*	1955†
Exports		598.3	639.4
Imports		531.0	516.7
Balance		67.3	122.7

* Based on January-December. † Based on January-October.

There has been a marked improvement in the trading position this year, particularly since June, when improved world prices for Indonesian exports led to a large increase in export values, which has been maintained and improved upon in this last quarter. Imports since June have risen also in accord with the government's desire to increase supplies of imported goods, but the increase in export values has more than compensated, so that by the end of October, the favourable balance on the trade account of Rp. 1,227 million (\$106.7 million), was larger than the balance achieved in the whole of 1954, which was Rp. 808 million. This improvement in the balance of trade is mirrored in the improvement in reserves of gold and foreign exchange held by the Bank of Indonesia.

Foreign Reserves (Mn. Rp.)

Week ending	Gold and foreign exchange	Foreign bills and balances held abroad	Total foreign exchange holdings
30. 3.55	2,731	405	3,136
29. 6.55	2,574	413	2,987
28. 9.55	2,734	355	3,089
28.12.55	2,984	516	3,500

Trade should continue good if prices hold: The Indonesian Minister of Finance announced that for the whole of 1955 exports should be worth Rp. 8,000 million (\$695.6 million)—compared with Rp. 6,394 million for January to October—and the rapid increase in reserves in the last quarter of the year indicates that this is probably an accurate estimate. He added that he was convinced that exports would continue to rise both in value and volume in 1956 and gave as an estimate between Rp. 9,000 million and Rp. 9,500 million. This will, however, depend in the first place on the political stability of the country, on the continuance of the policy designed to stimulate exports both directly by premiums and indirectly by lowering internal prices and particularly on world prices for Indonesian exports.

IMPORT PROSPECTS

New regulations beginning to be felt: Detailed trading returns for the first nine months of this year, compared to the same period of 1954, indicate that although the commodity trend did not differ substantially from that reported in the last report, the new regulations affected some changes.

Savings continued to be made on rice and wheat flour, although heavy rains in the early part of the year will have necessitated larger imports of rice both in the final quarter of this year, and through most of 1956. Further savings were made on industrial machinery and vehicles other than cars. A new import regulation has been introduced requiring the import of vehicles to be accompanied by the import of spares for the vehicle in order to prevent the import of new vehicles in the future just because there are no spares for the old ones. Imports of cars remained substantially over the 1954 level, but the new import regulations should, in time, reduce this item. Imports of essential goods—such as chemicals, fertilisers, gunny bags and cement—continued to be above the 1954 level. Supplies of imported textiles became easier in the third quarter, owing to the new regulations, and to the allotment of larger quantities of foreign exchange to importers.

1956 import prospects appear good: As long as foreign reserves remain adequate, which should be at least for the first half of this year, the higher level of imports will be maintained. However, rice will play a much more important part in the pattern of total imports in 1956 as it is planned to purchase between 200-300,000 tons. With limited supplies of foreign exchange, this would mean cutting down on imports of other goods, so the Indonesians hope to import at least half of the necessary quantity from the United States for payment either in rupiahs or on credit, even although the price charged will be higher than that charged by Burma and Thailand, who are to supply the rest.

Trade and Payments Agreements: A government spokesman indicated that barter trade relations with East Europe were not to be extended, as Indonesia was not only receiving low prices for exports to these countries, but also paying high prices for goods which proved to be unsuitable. However, details of the trade and payments agreement between Poland and Indonesia referred to in the last report have been published, and indicate that during the period of its validity, exchanges between the two countries will double. Poland will import rubber, tea, copra, tin, coffee, pepper etc., in return for industrial machinery and equipment, laminated goods, mechanical products, cotton textiles and other goods of the textile industry, cement and chemicals. The value of trade is £1.8 million (\$5.4 million) in both directions.

Indonesia is currently negotiating the purchase of surplus United States farm products, including cotton, tobacco,

flour, powdered milk, rice and resin to a reported value of \$40 million. Negotiations are proceeding on the basis of payment in Rupiahs, which the Indonesians wish to be used to promote further trade with the two countries, and as a long term loan for economic development projects.

Exploratory talks have been held between the Japanese and the Indonesians but the Japanese envoy stated that his government continued to hold the view that Indonesia's postwar trade debt (\$160 million) should be kept quite separate from the reparations question, and had requested Indonesia to respect this point of view. The Japanese Agriculture Minister has left for the U.S. to discuss triangular trade between those countries and Indonesia.

It is reported that Indonesia will probably endeavour to reduce the unfavourable balance of trade with India when the question of a new trade agreement comes up for discussion after the old agreement expires in December. It is possible that the Syrian trade delegation visiting India to conclude a trade agreement may visit Indonesia for the same purpose. The Indonesia-Pakistan trade agreement was extended until the end of 1955: Indonesia continued to export mainly rubber, copra and oil, while Pakistan supplied sports goods, books and magazines.

EXPORT PROSPECTS

Rubber prices should remain high: The last quarter of 1955 saw some improvement in rubber prices: the fall of mid September was arrested at the beginning of November when prices started rising again, to reach 3s. 1d. a lb for spot supplies of No. 1 sheet at the end of 1955. Although there has been some hesitancy and a slight decline in prices during the first days of 1956, the position is considered to be basically sound.

The prospects for rubber prices in the short run are good: consumption usually reaches its peak around the earlier months of the year when production is at its seasonal lowest. Demand from the United States, the USSR and Western Europe is expected to be high in the next few months. The longer term prospects are not, however, so favourable: on the demand side, motor car output in both the United States and the United Kingdom may fall off later this year, while on the supply side, synthetic rubber is expected to play an even larger part in the total rubber supply, as it is doubtful that there can be any material expansion of natural supplies this year. On the whole, then, prices are expected to be firm in the earlier months of the year, but this may be followed by an easing in the second half of the year: however, demand should remain buoyant so there seems to be no reason to expect a sharp break in prices.

Improved rubber earnings:

Rubber Exports (monthly averages)

1954*		1955†	
metric tons	mn. Rp.	metric tons	mn. Rp.
62,178	251.1	57,567	371.7

* Based on Jan-Dec.

† Based on Jan-Oct.

Rubber earnings have shown some improvement this year, but it is an improvement which has come, especially in the first three quarters of the year, entirely through the increase in the world price for rubber.

While estimates for 1956 production are not yet available, it is unlikely that there can be any marked increase, and total export earnings from rubber will again be dependent on world prices.

Tin prices should increase further: The price of tin has risen sharply in the last quarter, reflecting an increasing tightness in the supply and demand situation. The cash price per ton, which stood at £748½ at the end of September, had risen to £830½ on January 9th and shows no indication of falling for some months.

This tightness in the market is a result of United States stockpile intake which currently, at an annual rate of 23,000 tons of tin-in-ore, is absorbing more than the surplus of world supply over demand, which last year was about 16,000 tons; and, in the short run, the stringency is likely to be aggravated by cessation of deliveries from the Straits Trading Smelter, strike losses in Nigeria, flood losses in Malaya and a drop in Indonesian shipment. However, the Texas smelter is to close at the end of June, which, it is assumed, will mean the end of United States stockpiling. By that time, then, surplus supplies should be released on to the world market and some fall in price is anticipated, although this would be modified if the International Tin Agreement is put into force before that date. Indonesia is the only country which has not ratified the Agreement yet, and apparently the pressure of Parliamentary business forbids its introduction for some time.

Tin earnings improve:

Metric tons: tin ore	Exports of tin		mn. Rp.	
	Volume	Value	Volume	Value
	Jan.-Sept. 1954	Jan.-Sept. 1955	Jan.-Sept. 1954	Jan.-Sept. 1955
	34,609	33,587	468.4	500.4

As with rubber, the increase in proceeds from sales of tin has been entirely due to improved world prices, as the quantity shipped fell. Discussions between Indonesia and the United States concerning a new contract of 1,200 tons, in addition to 400 tons of the old contract which has not yet been shipped, are understood to be in their closing stages. However, if the United States stop stockpiling, Indonesia will have to find other markets.

Other exports remain disappointing

Exports	(Mn. Rp.)	
	Jan.-Sept. 1954	Jan.-Sept. 1955
Coffee (hulled)	378.9	127.4
Copra and copra cakes	618.0	881.2
Palm oil	184.6	162.5
Petroleum and petroleum products	1,861.1	1,766.5
Processed sugar	166.0	49.7
Tea	296.2	290.7
Tobacco	328.8	278.2

All of these items decreased in value in the first three quarters of 1954, compared to the same period of 1955. The volume of copra and copra cake exports fell off owing to transport difficulties, while prices were generally lower. Although sugar production increased, Indonesia is experiencing difficulties in finding markets, nor does the statistical position give much cause for optimism for price prospects. Production of coffee fell off abruptly in 1955, and, combined with generally depressed prices, led to falling export proceeds. Prospects for tobacco are not good: East Java production is estimated to be suffering 30 per cent damage, and to discourage price increases inside Indonesia, an embargo has been placed on further exports of advance crop tobacco. Proceeds from sales of petroleum and petroleum products, over which the Indonesian government does not have full control, fell, as the tonnage shipped is somewhat below the 1954 level. There appears to have been some revival in tea exports during the third quarter, which may be explained by the lowering of domestic prices, which has encouraged producers to export more.

Export prospects heavily dependent on prices: The prospects for 1956 exports depend heavily on the prices of rubber and tin, and although as has always been stated the price prospects for both commodities appear good for the next few months, there are signs that they may weaken later in the year. Export premiums and the lowering of domestic prices should result in the release of greater quantities for export, which would tend to offset any fall in prices.

REPORTS FROM CHINA

Christianity and Socialism

After kicking out almost all foreign missionaries in China, Peking found it safe to give more freedom to "progressive" Christians. About 250 leaders of 70 Protestant denominations and church organisations gathered in Peking last month to review the life and work of the churches in the past year and a half and to draw up the programme for future activity. Chairman of the National Committee of the Protestant Churches of China for "self-administration" reported that thousands of Protestants in China had joined the church movement for self-administration, self-support and self-propagation of the gospel. He said that in China there were better opportunities to preach the true gospel of Christ. Another Christian declared, "China's socialist construction is entirely in conformity with the teaching of Jesus, for it is for the benefit of the people." Reverend J. Nystrom, Pastor of the Covenant Mission of Sweden and Dr. Rajah Manikam, Bishop of Lutheran Church of India, who were invited to Peking by the Committee, praised Chinese Christians of their success in the three-self movement. Speaking in fluent Chinese, to the gathering, Reverend Nystrom said, "I will tell the people of Sweden that God has not deserted the churches in China and that the Chinese Government gives freedom to the churches." Bishop Manikam was convinced that churches in India had something to learn from the Chinese church movement and said, "It may be in the providence of God that the church in China has the mission to help other nations." The significance of the new church movement in China is also reflected in another speech: "I am entirely on the side of the government concerning the socialist construction of the country. The government serves the people, and our churches should also serve the people with every effort." One minister warned, "Christians should love and help each other more so that we may contribute still more to our country's socialist construction." Very soon these ministers would probably say that every good Christian should be a Socialist and they would inevitably "re-condition" Christianity into Socialism and finally "transform" it into Communism.

Imports and Exports

13,000 tons of chemical fertilizer reached Tientsin last month from Belgium and Japan. This brought the total fertilizer imported through Tientsin this year to more than 53,000 tons; 73.59 per cent more than in the corresponding period last year. Peking bought 38 16-ton rollers from Germany for China's new rolling mills. These rollers were produced by the Groeditz Steel and Rolling Mill in Dresden. An additional 79 rollers will be imported from the same source this July.

Many famous Chinese food will be canned by factories in Shanghai for export this year, including the widely popular sour-sweet pork, chicken and beef cooked with mushroom, preserved meat and the delicious Yangtse shad (fish). A sweet dessert made of glutin rice, bean jam, preserved dates and raisins (famous all over China as "Pa Pao Fan") will also be canned for export. Nearly 100 new varieties of manufactured goods are being exported from Shanghai to Southeast Asia, West Europe and Africa. Many orders from Shanghai were booked in the past two months through the joint state-private Manufactured Goods International Trading Company of Shanghai. The company was formed by the merger of 60 private import and export firms after their changeover to joint state-private ownership. Shanghai also sent light industrial products to the Soviet Union. 17 different kinds of woollen textiles were exported to U.S.S.R. as against only 6 last year. Other items exported were 270,000 knitted woollen dresses and large quantities of enamelware, camel hair, embroidery thread, etc. A Canton ivory carving cooperative recently received an order from Czechoslovakia for 900 sets of hand carved ivory spheres. Each set consists of a dozen to a score of small

spheres, one inside the other, carved from a small piece of ivory. Big export orders are also in hand for other ivory carvings, including statues of historical heroes, scenes from classical literary works and miniatures of animals.

The Japanese Commodity Exhibition to be held in China is scheduled to open in Peking and Shanghai this winter. Meanwhile, a Chinese trade mission headed by the Minister of Foreign Trade went to Cairo where an exhibition of Chinese commodities will be held. A trade agreement was signed between the two countries last August under which China was to sell 60,000 tons of steel to Egypt and buy 15,000 tons of Egyptian cotton. Peking stated that China's participation in the Damascus International Fair on two occasions had promoted the friendship between the Chinese and Arab peoples and the Chinese trade exhibition to be held in Cairo next month would help the Arab people to gain an even better understanding of China.

Industrial Output

In Shanghai, the first set of thermo-power equipment presented by the Czechoslovak Republic started operation recently. An automatic heat and power station is now under construction in Chengchow. Three cotton mills were completed in this textile centre during the past 3 years. A new steam power plant recently started operation in southern Yunnan. It provides electricity for the Koku Tin Mines. Construction of the plant began in May last year.

Construction of a new cotton mill with 80,000 spindles in Chengchow is now under way. This is the fourth new cotton mill for Chengchow under the current five-year plan. In Changchun, the foundry shop of the No. 1 Motor Car Plant turned out its first lot of standard parts early this month. A new insecticide plant in Kunming started production last month. The plant plans to produce 2,600 tons of "666" powder and other insecticides this year. A meat packing plant is now being constructed in Tsining, the starting point of the Tsining-Erhlien Railway in Inner Mongolia. When put into operation in October this year, the plant will handle 270 cattle and 1,600 sheep in every eight hours.

Agricultural Developments

Acreage under soya beans will increase by 10 per cent this year in Northeast China. The total acreage this year will reach three million hectares, according to reports from the three northeastern provinces of Heilungkiang, Kirin and Liaoning. Efforts are also being made in these provinces to increase the per-hectare yield of soya beans. Forward contracts for the sale to the state of this year's spring tea and silk cocoon crops are now being entered into by agricultural cooperatives in Chekiang. Over six million yuan is being advanced to the peasants as deposits to enable them to expand production. The province plans to turn out 3,650 tons more tea and 20 per cent more silk cocoons this year than last. Sugar-cane production this year will be increased in Szechwan. The area allotted to cultivation is being enlarged by one fourth to a total of 45,000 hectares. One third of the area is being devoted to a fine Indian strain "290." Honan plans to raise its grain output by 1.65 million tons this year over last. The Friendship Farm in Harbin recently reported that by 1967 it would grow 98,200 tons of grain (three and a half times its target for this year), bring the number of pigs up to 20,000, and breed herds of cattle, and horses and poultry.

The China Grain and Miscellaneous Cereals Company was inaugurated in Peking last month to regulate the supply and control the export of grain and cereals. In addition to rice, flour and pulse, the company will also deal in other food products.

The first tractor station in Chinghai was established last month. Chinghai plans to put 13,000 hectares under mechanised cultivation this year. 2,700 tractors will be

used to reclaim over half a million hectares of uncultivated land in Heilungkiang this year. Heilungkiang has 6.6 million hectares of fertile land but uncultivated. It is one of the major areas marked out for land reclamation in China. In Kwangsi, tractors are ploughing for the agricultural cooperatives in Yungning. This tractor station is one of six being set up in this province. The first tractor station in Kweichow was established early this month.

China's first mechanised farm for the cultivation of long-staple cotton is being opened up in the Turfan basin by Army units in Sinkiang. They have begun work on the irrigation ditches and plan to reclaim 4,700 hectares of wasteland this year. When completed in 1958, the total acreage of the farm will exceed 12,000 hectares. Six hundred and forty kilometres of irrigation and drainage canals will serve 30 crop rotation areas. The entire farm and the canals will be protected by a forest belt. The first crops are expected to be planted this year. 440,000 hectares of virgin and wasteland in Sinkiang are to be surveyed this year. State farms are already being established on the 130,000 hectares of virgin and wasteland which were surveyed last year. Sinkiang is one of the major regions in the country marked out for large-scale land reclamation.

Arrangements for some 170,000 families to take up farming in Heilungkiang this year have been completed. The whole migration will be completed by July. The people, coming mostly from the more densely populated Honan and Shantung, will pioneer the opening up of 400,000 hectares of virgin and wasteland. The government is helping the new settlers with loans to buy farm tools and other means of production. Tractor stations and mechanised state farms will clear and plough a considerable part of the virgin land for them. Some 400 new villages are being laid out for the new settlers. Health centres, schools and cooperative stores will be added. Meanwhile 400 youth shock brigades are reclaiming wasteland in the Kansu Corridor and the northern Yellow River Plains in Kansu. Kansu plans to organise 5,000 such brigades to open up 66,000 hectares of wasteland this year, half of which will be completed by the spring sowing. Over 18,000 hectares have been reclaimed so far. There are more than 170,000 hectares of cultivable wasteland in the Kansu Corridor.

There were 46 per cent more cattle and horses in China at the beginning of this year than in 1949. The pig and sheep population had gone up 72 per cent in the same period. There are now some 280 state livestock farms in China.

Peking announced last month that China would spend twice as much on water conservancy this year as last. -Emphasis this year will continue to be on the Huai River. Construction of three reservoirs will be started, including one of the biggest in the country. Six reservoirs on the Huai have already been completed and a 7th will be finished this year. Other work will continue including dredging the river's lower reaches and tributaries. Before the end of the year, work completed so far will enable the main course of the river to withstand the heaviest flow recorded. Scheduled for 1956 completion are two water detention basins now being built along the Yangtze on its largest tributary the Han River and its Huayang tributary further downstream. With most of the Tahofang Reservoir's tunnel finished and the base of its dam laid, work this year on the tributary of the Liao River will concentrate on raising the dam. Intensive preparations are being made to start work on the first big reservoir in the Yellow River harnessing project at the Sanmen Gorge. When completed the Sanmen Reservoir will become the biggest in China.

Afforestation Projects

Nearly half of China's afforestation plan for this year has been completed. Since January 1st over 1,860,000 hectares of trees have been planted in 14 provinces. Most of these provinces are located in the central and south-eastern parts of the country. Tree planting in Hupeh is still in full swing despite the overfulfilment of its quota under the five-year plan by 112 per cent. Millions of trees have been planted along the banks of the Yangtze River and its tributary the Han River, on roadsides and in residential areas. Hunan, Kwangsi, Kweichow provinces have

also exceeded their afforestation targets under the first-year plan. In Szechwan, the agricultural producer cooperatives are helping to line the province's 10,000 kilometres of high-ways with trees. Six state afforestation centres will be set up in Heilungkiang this year. They will cover an area of over 5,000 hectares in each of six counties. Suitable centres for the state afforestation centres are now being selected. By the end of this year these centres will have 1,000 hectares of land planted to trees and another 2,400 hectares of land surveyed.

Extensive afforestation has begun in Tunhwang County in western Kansu. Fifty million young trees and seedlings will be planted or cultivated this spring in the county which is the starting point of a projected 5,000-kilometre long forest belt. By this autumn these trees will form the outline of the belt in Tunhwang. They will protect the county from shifting sands from the Gobi Desert which have been a menace for some 2,000 years.

In Hangchow, 1.62 million saplings were planted. Around 140,000 evergreens were planted around the lake itself. A large-scale tree planting campaign recently started in Peking. Twice the number of trees planted in the past seven years will be planted this year. The target is 17 million trees. Tientsin planted 20,000 trees on the five-kilometre banks of a river that flows into the Pohai Bay. Inner Mongolia plans to cover 4.2 million hectares of land with trees in 12 years.

Hospital of Traditional Chinese Medicine

A hospital conducted on the basis of the traditional Chinese medicine was inaugurated recently in Peking. Located near the Summer Palace, it is staffed both by practitioners of the traditional medical school and Western-trained physicians. Treatments and prescriptions will be on the basis of the traditional medical system. Western-trained physicians will help in diagnosis and make out reports in terms of modern medical science.

Communications

According to a revised plan, China is building 7,500 kilometres of new railways during the first five-year plan period, 80 per cent more than was originally planned. Four new lines have been completed since the plan got under way in 1953. These include the Tsinjing-Erhlien Railway linking China, Mongolia and U.S.S.R. Fifteen other lines and a number of industrial and forest railways are now under construction. The Lanchow-Sinkiang trunk line, which is already about 100 kilometres from Yumen Oilfields, will be extended to Chichiaoching. The western section of the 2,800 kilometre Lanchow-Sinkiang Railway from Hami to the Sino-Soviet border will pass through Urumchi. The Lanchow-Tikiatai section of the Paotow-Lanchow Railway is one of the most mountainous sections of the line and will be completed next year. The Yingtan-Amoy line connecting coastal Fukien with the railway network in Central China, and the Paoki-Chengtzu line, major link between Southwestern and Northwestern China will be opened to traffic within this year. A new line from Peking northward to Chengteh, and the Yangtze River Bridge at Wuhan will be ready in 1957. During the past six years China completed over 4,000 kilometres of new mainline railways, and another 2,000 kilometres for special purposes, and restored 1,200 kilometres of old lines.

The 200-kilometre highway between Gyantze and Yatung in Tibet was opened to traffic early this month. The new highway links southern Tibet with the rest of China via Lhasa and facilitates trade between China and India. A new highway will be built to link western Tibet with the rest of the country. It will run for 1,300 kilometres from Nagchuka to Gartok, the commercial and communications centre near Tibet's western border.

The Civil Aviation Administration of China has set up an office in Rangoon. A trial flight from China to Burma was made on March 15th by a plane of the Civil Aviation Administration of China. This Kunming-Mandalay-Rangoon route covers a distance of over 1,000 kilometres and takes 4½ hours. Regular flights will begin this month.

THE MERCANTILE BANK OF INDIA, LIMITED

STATEMENT BY THE CHAIRMAN (SIR K. W. MEALING) FOR THE YEAR ENDED 31ST DECEMBER, 1955

The expansion recorded last year in the Bank's general business continued during 1955. The Balance Sheet total is £72,065,153 against £68,594,152 on 31st December, 1954. Deposits are higher by nearly £4 million, whilst on the Assets side there are increases of over £2 million in Loans & Advances, nearly £1 million in Bills Receivable whilst the holding of Government Securities is £4½ million higher.

There has been a considerable fall in the value of our holding of Government Securities, for which full provision has been made. Of those quoted in Great Britain 77 per cent. are due to mature within the next five years, whilst the remainder mature on fixed dates beyond that period. Similarly with securities quoted on Overseas Stock Exchanges 50 per cent. mature within the next five years.

The net profit at £235,423 is higher by £41,099. The two dividends declared total 14 per cent. payable on the increased capital and cost £118,335 compared with £97,020 for 1954. From the balance the usual allocations have been made to the Officers' Pension Fund, Premises Account and Contingencies Reserve Account, leaving the balance carried forward at £219,372 against £200,284.

The year 1955 produced high hopes of a relaxation of international tension following the "summit" talks at Geneva in the month of July. These hopes, however, were shattered at the ensuing Foreign Ministers' Conference when it became clear that the Soviet bloc had no intention of permitting free elections in East Germany as a preliminary to German reunification, nor of paying more than lip-service to the principle of international disarmament. This reversal of the Geneva atmosphere, coupled with the provocative references made by the two Russian leaders in India and Burma to "colonialism", crystallised the opinion that there is little or no prospect of a real relaxation of tension or of ending the "Cold War" until a real disarmament agreement can be brought into effect.

In England the freedom from all economic physical controls, the very full employment and increased internal consumption reflected in a higher standard of living for the majority, set up a rising spiral of wages and costs. As a result, the country was importing and consuming more than it was exporting and this economic unbalance resulted in a weakening of sterling in the world's markets. The initial remedial steps were to raise the Bank rate to 4½ per cent. and to place certain restrictions on hire purchase terms. In October an autumn Budget increased Purchase Tax on most consumer goods whilst further steps were taken to restrict credit. It is to be hoped that these steps and those subsequently taken, including a 5½ per cent. Bank rate with further restrictions on hire purchase, together with restraint by all sections of the community will remedy the situation without necessitating the re-imposition of economic physical controls, such as limitation of imports, price fixation and rationing.

In the United States of America industrial activity continued under boom conditions. President Eisenhower suffered a severe illness and politically thoughts are turning towards the Presidential Election to be held towards the end of 1956.

India. 1955 was a year of steady and satisfactory progress for India. Agricultural and industrial output continued to rise and the standard of living of the people has also risen. The average monthly earnings of workers is calculated to have risen by nearly 50 per cent. since 1947. Although the first Five Year Plan which is due to be completed by March, 1956, has not in all respects achieved its targets, it has been a success as far as the economic life of the country is concerned and it appears that deficit financing has produced a higher rate of development expenditure without causing inflation.

By Constitutional amendments, by a drastic revision of the Indian Companies Act and by the Finance Act 1955 as well as in numerous pronouncements, some of the proposed steps towards a "socialistic pattern of society" were pro-

mulgated during the year. With the third successive good monsoon there was no food problem, notwithstanding the normal increase in population: and this again resulted in a large saving in foreign exchange expenditure on imported food. During the year the Imperial Bank of India was nationalised and became the State Bank of India, thus terminating a long and honourable chapter of banking history. The State Bank has been created largely in order to extend banking facilities widely throughout rural India to an extent which it would be impossible for other than a State Bank to undertake.

In January, 1956, an Ordinance took the first step for the nationalisation of all Life Assurance business in India, both Indian and foreign. The disappearance of some of the fine old Indian Life Companies and the prohibition of this field of business to private enterprise in the future will be regretted by many and must inevitably cause some speculation as to how far the nationalisation of existing business and industry is to be carried in India.

The second Five Year Plan is now under consideration. It is a massive project and, bearing in mind its great objective of raising the standard of living of the people and providing for the rapidly increasing population, it must be hoped that it will meet with at least the same measure of success as the first Five Year Plan. Whether or not, however, this can best be accomplished by Government concentrating its energies on creation of the new, rather than acquisition of the old and well-tried, is a matter of opinion.

In July the first reading was given to a Bill to decimalise the coinage and it is understood that at a later date it is Government's intention to bring in a metric system of weights and measures.

A disturbing feature of 1955 has been the numerous strikes of various kinds by the Clerical Staff of banks in the principal cities of India owing to the discontent of the banking trade unions with some of the provisions of the Industrial Disputes (Banking Companies) Decision Act of 1955. In Calcutta especially they were of such magnitude that the clearings had to be suspended for 22 days and it became almost impossible for banks to fulfil their legal obligations.

The good relations that have existed in our branches have always been a source of satisfaction to us and we regret that in some of our offices in India these should have been disturbed, we trust only temporarily. Our thanks are due to those who by carrying on during this very difficult period helped to enable our Indian branches to carry out at least some of their functions.

Pakistan. Mr. Gulam Mahomed, the Governor-General of Pakistan, retired through ill-health in the month of September, 1955, and General Iskander Mirza (the then Acting Governor-General) became Governor-General in his place. Mr. Mohammed Ali was replaced as Premier by Mr. Chaudri Mahomed Ali, the Finance Member, and the new Government proceeded to enact the One-Unit Bill which has amalgamated all the provinces and states of West Pakistan into a single province, from which only the Federal capital, Karachi, has been excluded. Thus the way is clear for a new Federal Constitution with equality between the two states of East and West Pakistan.

The framing of the new Constitution is making progress, but problems in regard to the allocation of powers between the centre and the provinces and on the question of joint electorates still present some difficulty.

Pakistan has decided to become a Republic and it is good to learn that it is her intention to remain in association with the Commonwealth.

The second event of major importance was the devaluation of the Pakistan rupee to its old level of 1s. 6d. One effect was to assist Pakistan's exports, but another was an immediate rise in the internal price of imported goods.

The country's shortage of foreign exchange remains a problem, although there has been some improvement during

THE MERCANTILE

BALANCE SHEET

1954 £		£	£
	Capital Authorised—		
750,000	150,000 "A" shares of £5 each	750,000	
750,000	150,000 "B" shares of £5 each	750,000	
1,500,000	1,500,000 "C" shares of £1 each	1,500,000	
<u>£3,000,000</u>		<u>£3,000,000</u>	
	Capital Issued—		
375,000	150,000 "A" shares £2 10s. paid	375,000	
375,000	150,000 "B" shares £2 10s. paid	375,000	
720,000	720,000 "C" shares £1 paid	720,000	
<u>1,470,000</u>			1,470,000
	Reserve Fund	1,750,000	
1,750,000	Balance of Profit unappropriated carried forward to 1956	219,372	
200,284			1,969,372
<u>1,950,284</u>			<u>3,439,372</u>
	Current Liabilities, Provisions and Other Accounts—		
3,420,284	Notes in Circulation against security per contra	259,138	
273,450	Current and Fixed Deposit and Other Accounts including Provisions for Taxation on Profits to date, Doubtful Debts and Reserves for Contingencies	66,984,096	
63,218,637	Bills Payable	1,084,879	
1,137,205	Acceptances on account of Customers per contra	194,924	
444,627	Balances due to Subsidiary Companies	43,577	
43,354	Second Interim Dividend, less Income Tax	59,167	
56,595			68,625,787
<u>65,173,868</u>			
<u>£68,594,152</u>			<u>£72,065,159</u>

NOTES:—

1. Currency Assets and Liabilities have been converted into Sterling at the following rates:—1s. 6d. per Indian, Pakistan and Ceylon Rupee and Burma Kyat, 2s. 4d. per Straits Dollar, 1s. 3d. per Hongkong Dollar, 7s. per United States Dollar, 4d. per East, Yen 1,000 = £1 and Shanghai Yuan 8 = £1.
2. Group Accounts are not prepared as the Directors consider they would be of no real value to members in view of the insignificant amounts involved in the accounts of the Subsidiary Companies.
3. Contracts for outstanding capital expenditure £27,631 (1954, \$7,034).

PROFIT AND LOSS ACCOUNT

1954 £		£	£
13,000	Amount transferred to Officers' Pension Fund		13,000
35,000	Amount written off Freehold Banking Premises and Property		35,000
50,000	Additional Allocation to Contingencies Account		50,000
	Dividends:—		
40,425	Interim Dividend of 7 per cent., less Income Tax at 8/6 in the £	59,168	
56,595	Second Interim Dividend of 7 per cent., less Income Tax at 8/6 in the £	59,167	
<u>200,284</u>	Balance of Profit unappropriated carried forward to 1956		118,335
<u>£395,304</u>			<u>219,372</u>
			<u>£435,707</u>

R. N. DRAKE, Chief Manager.

F. N. WITHERS, Accountant.

INDIA, LIMITED

DECEMBER, 1955

1954 £		£	£
14,013,396	Current Assets—		
	Cash in hand, at Call and at Bankers		10,043,169
	Investments (Quoted Investments at or under market value, unquoted Investments at or under cost)—		
	British, Dominion and Colonial Government and Other Securities (including £265,000 British Government Securities deposited against Note Issue):		
9,875,703	Quoted in Great Britain	14,892,945	
6,457,238	Quoted elsewhere than in Great Britain	6,080,226	
16,332,941		20,973,171	
112,130	Unquoted	169,142	
16,445,071			21,142,313
	Hongkong Government Certificates of Indebtedness deposited against Note Issue	105,605	
105,605	Bills Receivable	16,509,039	
15,815,249	Loans Receivable, Advances and other Accounts including Amounts due by Agents	23,362,488	
21,062,676	Liability of Customers for Acceptances per contra	194,924	
444,627			40,172,056
37,428,157			71,357,538
67,886,624			
55,137	Shares in Subsidiary Companies at Cost		55,237
	Fixed Assets—		
652,391	Freehold Banking Premises and Property at Cost less Amounts Written off		652,378
<u>£68,594,152</u>			<u>£72,065,153</u>

4. There are Contingent Liabilities in respect of the following:—

Bills Receivable re-discounted Nil (1954, \$1,509,358).

Outstanding Forward Exchange Contracts.

Confirmed Credits and Guarantees entered into in the ordinary course of business, including Guarantees to Government Departments in India amounting to \$109,720 (1954, \$98,144) for which security has been deposited with the Reserve Bank of India.

Uncalled Capital amounting to \$54,963 (1954, \$54,963) in respect of partly paid shares in Subsidiary Companies.

ENDED 31st DECEMBER, 1955

1954 £		£	£
200,980	Balance brought forward from 31st December, 1954		200,284
	Profit for the year ended 31st December, 1955, after providing for Taxation thereon, and after allocations to Contingency Accounts, out of which full provision has been made for Bad and Doubtful Debts and any other diminution in the value of Assets		235,423
194,324			
	NOTE— Directors' Remuneration.—The aggregate amount of the Directors' Fees was \$11,400 (1954, \$11,348).		
<u>£395,304</u>			<u>£435,707</u>

K. W. MEALING,
C. E. JONES,
BICESTER, } Directors.

the year. As a result the control of imports has been somewhat relaxed and the internal finances of the country are considered to be reasonably sound and the budgetary position satisfactory.

Pakistan's industrialisation programme has made great strides. In the textile industry the number of spindles increased from 923,875 in June, 1954, to 1,505,552 in June, 1955, whilst the number of looms increased from 14,484 to 22,633 in the same period. The country is now self-sufficient in coarse and medium varieties of textiles. In the jute mill industry the target for 1957 of 6,250 looms is expected to be achieved shortly. Two new cement factories, a sugar mill and mills for the manufacture of paper and paperboards are in or nearing the production stage.

The completion of the 330 mile pipeline from the gas field at Sui to Karachi via Hyderabad, Sind, and the gradual replacement of imported coal and oil by gas and gas-generated electricity opens a new era in West Pakistan's industrial economy.

Ceylon. With a record tea output for 1955 of 380 million pounds the industry generally has not done badly, but has understandably been hampered in that overseas buyers especially have been handicapped by the frequent administrative changes in the export duty.

The rubber industry has had a reasonably successful year but the generally higher external prices for the commodity have resulted in the China/Ceylon Trade Agreement not being so beneficial to Ceylon as in 1954.

Coconut oil and the copra industries have also had a reasonably successful year, whilst the cost of food imports fell substantially. It is therefore not surprising that the Ceylon Government had a net cash operating surplus of Rs. 128.7 million, which compared favourably with the figure of Rs. 33.7 million at the close of the previous financial year and is one of the biggest surpluses ever recorded in Ceylon.

The United National Party under the leadership of Sir John Kotelawala, the Prime Minister, remained firmly established in office throughout the year. Parliament has now been dissolved, and new elections will take place in April, 1956.

Burma. There has been some improvement in the internal security situation of Burma during 1955. The insurrection still continues but successful operations by the army and security forces have reduced its effectiveness to hit-and-run raids carried out by gangs of bandits supported by the Communist Party. Nevertheless, the Government is optimistic of achieving internal peace before the General Elections which are due to be held in April, 1956. At these elections the Anti-Fascist People's Freedom League, the party which controls the present Government, expects to be re-elected with a large majority. Their political creed is the socialist state and the complete nationalisation of Burmese trade, and in furtherance of this policy the Civil Supplies Management Board which has hitherto imported 12½ per cent. of the country's consumer requirements, will in future import 50 per cent. The department will have the sole monopoly for the import of most forms of textiles, cement and a number of other necessities. All this and much other business has to be channelled through the Government owned State Bank. Nevertheless, there is much goodwill towards the British and there may well be mutual advantage in a new growth of industrial and trading relations with Burma.

During the year the Government realised that the country was running into financial difficulties. These were caused by heavy overseas capital expenditure, combined with a sharp fall in foreign exchange earnings from the export of rice. In 1954 Burma sold rice forward in quantity with a "fall clause" whereby should they make subsequent sales at lower prices, then these contracts would also have to be fulfilled at such lower prices. In order to dispose of the large surplus of rice on hand without the "fall clause" operating, Burma has entered into "barter" agreements with the Communist bloc of countries. Barter agreements are, of course, never satisfactory, and there is little doubt that Burma will return to normal trading practice as soon as possible, particularly if the Western Powers are prepared to assist.

Malaya. 1955 has been an eventful year for the Federation of Malaya and for Singapore. Economically it has been a prosperous year, prices for rubber, tin and other commodities produced in these territories having maintained reasonable and, indeed, profitable prices. The export figures for 1954 (including re-exports) proved to be considerably lower than had been estimated and, in fact, only reached the figure of \$2,985 million. The export figure to the end of November, 1955, however, amounted to \$3,698 million, so that the year 1955 should show a balance of somewhere in the neighbourhood of \$230 million in favour of Malaya compared with a deficit of \$154 million in 1954.

The main events of the year, both in Malaya and in Singapore, were the General Elections followed by the setting up of the new Governments with, in the case of Malaya, Tengku Abdul Rahman as the Chief Minister and in Singapore with Mr. David Marshall as Chief Minister. In Malaya the transition to a measure of self-Government was achieved remarkably peacefully, but in Singapore there were disturbances and set-backs and a considerable amount of striking by labour.

In Malaya, although there may have been some measure of improvement in the Emergency, unfortunately there are few signs of this coming to an end. Towards the end of the year talks were held between the Chief Ministers and the leader of the Malayan Communist Party, but these talks were fruitless and the "status quo" of the Emergency continues. In Singapore political uncertainties and the attitude of labour brought about a good deal of nervousness and there was a general and substantial marking down of share prices. In due course confidence began to return and prices again improved, and this was assisted by an assurance by the High Commissioner on behalf of the Government in Malaya that a square deal would be given to foreign investors by permitting them to continue to remit reasonable profits abroad. It is quite certain that unless an assurance of this nature regarding both capital and profits is implemented fully in the future there will be little inducement to ensure the flow of overseas capital required for Malayan development in the future.

The inauguration of a new self-governing democracy is always liable to be attended with some risk, dependent upon the wisdom of the newly elected Government and the co-operation they receive from their electors and their experienced predecessors, and the manner in which they receive this co-operation. In the context of the multi-racial Federation and Singapore these problems are enhanced by the Emergency and Communist infiltration, and the extension and receipt of friendly co-operation in the building up of stable and sound Government is therefore the more necessary.

Thailand. Overseas trade improved considerably during the year 1955. As I told you a year ago, the rice export trade was given back to commercial enterprise and, as a result, total shipments of rice amounted to 1,223,937 metric tons compared with 993,719 in 1954. The largest individual purchaser was Japan who took just under 350,000 tons. Singapore and Malaya between them took 400,000 tons, Hongkong 170,000 tons and the Philippines 66,000 tons. In September the Government announced that imports and exports were in balance and removed the requirement that part of the proceeds of rice, rubber and tin exports should be sold to the Bank of Thailand at the official rate. The various steps taken to free trade were bold in conception but have been proved successful. On the other hand, the teak industry of Thailand appears to be in decline and there seems little doubt that the quantity of teak available for export will decrease considerably in the next few years.

During the year several important events occurred in Thailand. The first conference of the South East Asia Collective Defence Treaty commenced in February in Bangkok. In September an even bigger international conference took place in Bangkok when delegates from over thirty-five countries met at the tenth World Assembly of the World Federation of United Nations Associations. During May and June the Prime Minister, Field Marshal Pibulsonggram, made a world tour. On his return he inaugurated a number of

reforms and made changes in his Cabinet. It is believed that General Elections will be held in two years' time so political activity may be expected to commence during that period.

Hongkong. The total value of imports and exports in 1955 amounted to \$6,253 million against \$5,852 million for the previous year. Imports at \$3,719 million were up by \$284 million, whilst the value of exports at \$2,534 million recorded an increase of \$117 million. There was a substantial increase in the value of imports from China, but this was rather offset by a very large decrease in the value of exports to that country.

Hongkong continues to make great strides in industrial expansion and the establishment of new industries, no less than \$663½ million of Hongkong made goods were exported in the first eleven months of 1955, the principal buyer being the United Kingdom which absorbed \$125 million. This helped to replace the heavy decline in exports to Burma, Indonesia and Pakistan. The airport is being reconstructed and a tunnel between the Island and Kowloon is under consideration. The squatter problem of refugees from China continues to be a major headache for Hongkong.

Hongkong continues to be an oasis of good Government and law and order, unencumbered with political problems and able to concentrate on industrial growth and commercial activity of high quality and resultant prosperity.

Mauritius. The cane sugar industry had another profitable year in 1955. The crop proved to be an all-time record with a total of 523,200 metric tons produced at the high average extraction rate of 12.61 per cent. In November the British Ministry of Food agreed to purchase 351,000 long tons of the 1956 crop on the same terms as for 1955. Under the terms of the international agreement the export quota from Mauritius is fixed at 470,000 long tons and the balance of 119,000 tons in excess will therefore be offered for sale in the preferential markets of the United Kingdom and Canada. The outlook, therefore, for the sugar industry in Mauritius in 1956, given reasonable weather, should be very satisfactory. The cyclone and drought insurance fund has now risen to a total of approximately Rs. 87½ million.

The population of the island is increasing rapidly. It is estimated that the natural increase of the population is in the neighbourhood of 31 per thousand per annum and this must represent very nearly the highest birthrate in the world. This is largely due to the much improved health conditions prevailing in the island and it may be noted that

something like 24 per cent. of the Governmental expenditure goes on education and health services. The finances of the Colony are in sound condition and the year to the end of June, 1955, provided a surplus of some Rs. 6 million of revenue over expenditure. On the revenue side 34.6 per cent. is budgeted for from direct taxation with a further 24 per cent. from Customs duties. The Government of Mauritius found it expedient to float a loan in October on the London market for £2,090,000 at 97 and carrying interest at 4½ per cent.

Japan. A General Election took place on the 27th February, 1955, as a result of which the Democrats and Liberals (who subsequently merged) secured between them 297 seats and the Socialists and others 170 out of a total House of 467. Mr. Ichiri Hatoyama continued as Premier with a substantial majority; but not quite sufficient to make the revisions in the Constitution he desires, for which a majority exceeding two thirds is required. Thus, for the first time, Japan has a two-party Parliamentary democracy.

The anti-inflationary policy has continued and the balance of overseas trade further improved: exports rising substantially (some 24 per cent. over 1954) whilst imports remained approximately unchanged, the balance is expected to yield a surplus of some 360 million U.S. dollars. Japan enjoyed record food crops which resulted in lower prices and a reduction in food imports, which saved much foreign exchange. The anti-inflationary policy is expected to continue, and although the standard of living is rising many difficulties still lie ahead of Japan. The population continues to increase by nearly one million a year, Labour Unions are becoming more active in demanding higher pay and better working conditions and the uncontrolled hire purchase system is increasing facilities for buying on credit which may some day have serious repercussions.

Japan's economy continues to be based on trade with the free countries and on American offshore procurement, but as the countries of South East Asia increased their own industrial potential, trading conditions may become more difficult for Japan. Trade with the Chinese mainland, her natural market, continues to hold political dangers which Japan cannot safely ignore.

Japan became a member of G.A.T.T. during the year, but unfortunately her admittance to the United Nations was vetoed by the Communist bloc. This was a considerable disappointment to Japan and is a matter which all well-wishers must hope will be rectified at an early date.

EXPORTS OF HONGKONG PRODUCTS IN 1955

By Ricardo

In 1950, exports of Hongkong products amounted to a total value of \$196.6 million which is about 5.3% of Hongkong's total export that year. Last year, total value of exports of local manufactures was \$730.3 m. representing an increase of 271% over that for 1950 and accounted for 28.8% of HK's total export in 1955. The important of this improvement to HK's economy was pointed out by the Governor of Hongkong in his recent review of this Colony, "Each dollar of exports of local manufactures is worth much more than a dollar of entrepot trade in terms of net income to the Colony."

The Governor is full of confidence in the future of local industries. He says that HK products are continuing to gain ground steadily in overseas markets. Leading merchant houses here are convinced that there are good prospects for HK manufactures and they have already organized the HK Exporters' Association to push the sales of local products. Big firms like Arnhold Trading, Gibb Livingston, Jardine, Gilman, John D. Hutchison, Thoresen, Swire and MacLaine, etc. are all members of this association and they have pledged to maintain the quality of Hongkong products.

On the other hand, the majority of local manufacturers complain that there are many obstacles to industrial developments and that without help from Government they will not be able to overcome these difficulties. One manufacturer recently suggested that Government should help local industrialists by: (1) allowing factories to expand their establishments on agricultural lands in areas such as Tsun Wan; (2) improving the present water and power supply situation in industrial areas; (3) establishing a system to inspect all export shipments of HK products according to a certain standard; (4) screening applications for new factories to avoid over-development of any particular industry; (5) arranging with shipping companies to grant special freight rates for the shipment of HK products to various markets; and (6) by lowering prices for rice, fuel and electricity.

It is not possible for Government to aid local industrialists in all these respects. The question of land is particularly difficult to solve. Recent investigation reveals that if the reclaimed land at Kun Tong is used for industrial development, smoke from factories in this area may cause possible nuisance to the new airport. The water supply situation is

also difficult to solve in the immediate future. There are no official comments on other points mentioned above. This, nevertheless, does not mean that there is not a bright future for local industries.

The real situation can be best judged from the records of the past few years. There has been a steady increase in the value of exports of local manufactures since 1950. This increase is more significant when contrasted with the decline of HK's total export during the period from 1951 to 1954:

Year	Exports of HK Products	HK's Total Export (in million HK\$)	% of HK Products
1950	196.6	3,715.6	5.3
1951	311.7	4,433.0	7.0
1952	486.2	2,899.0	16.8
1953	635.3	2,733.7	23.2
1954	681.9	2,417.0	28.2
1955	730.3	2,534.4	28.8

The speedy growth of local industries during 1950/1953 was stimulated by the strong demand for light industrial products from SE Asia which used to get these supplies from Japan. As a result, exports of HK products improved by over \$100 m. every year. By 1954, however, markets in SE Asia began to be affected by the return of Japanese goods to these areas as well as limited by the lack of foreign exchange in these countries. In addition, keen competition among local factories forced prices of many items down. This development continued throughout 1955.

MARKET DEVELOPMENTS

On the other hand, many new markets were developed during past two years and the export of HK products continued to improve. Taking into consideration the drop in prices of many items, the annual improvement of about half a million dollars in 1954 and 1955 represents a much bigger increase in the volume of exports of local manufactures. Development of major markets during past two years can be appreciated from following figures:

Export of HK Products (in million HK\$)				
To	1954	1955	Up or Down	
United Kingdom	75.1	139.5	+64.4	
Malaya	73.9	102.6	+28.7	
Indonesia	154.7	90.3	-64.4	
Thailand	50.0	60.8	+10.8	
British West Africa	27.4	32.6	+5.2	
Indochina	7.7	32.3	+24.6	
Other African Countries	24.3	26.9	+2.6	
British East Africa	24.1	21.7	-2.4	
Philippines	22.2	18.8	-3.4	
Australia	14.9	17.7	+2.8	
U.S.A.	10.4	15.0	+4.6	
South Africa	18.9	14.9	-4.0	
Burma	20.5	11.9	-8.6	
Korea	36.2	11.8	-24.4	
South America	11.2	10.8	-0.4	
Canada	5.1	10.2	+5.1	
Central America	9.5	10.0	+0.5	

In spite of the numerous criticisms directed against local factories by certain UK manufacturers and associations, exports of local manufactures to UK topped the list with a total value of \$139.5 m. for 1955; an improvement of almost 100% over that for 1954. However, while exports to UK advanced by \$64.4 m., imports from UK increased by \$72 m. Local manufacturers bought more raw materials and equipment from UK (base metals, textile fibres, yarns and piece goods, machinery and appliances, etc.) as a result of the increased demand for HK products. The development of the UK market for HK products also reflects the improvement in the quality of local manufactures because UK has always been a quality market. The above figures also show that U.S., Canada, Australia, Central America bought more HK products last year while markets in SE Asia show signs of declining. Nevertheless, SE Asia remains an important

area for the marketing of HK products. In spite of the steep drop in export to Indonesia, exports to this market still totalled \$90.3 million, occupying the third position on the list. African markets can still be improved and on the whole demand for HK products from SE Asia, Africa, Europe and America is growing every day.

GROWTH OF LOCAL INDUSTRIES

While several factories closed down last year, many industries recorded expansion in spite of various difficulties. Following export figures illustrate the decline of a small number of industries and the growth of a much larger number of other industries:

	1954	1955	Up or Down (in million HK\$)
Non-alcoholic beverages	1.7	0.7	-1.0
Cigarettes	0.8	0.7	-0.1
Lacquers and varnishes	2.9	2.5	-0.4
Enamelware	61.3	55.4	-4.9
Cotton singlets	66.7	58.9	-7.8
Embroidered underwear and nightwear	2.7	2.6	-0.1
Preserved fruits	10.7	13.5	+2.8
Iron ore	3.6	4.5	+0.9
Tungsten ore	0.2	0.2	-
Paints, enamels and mastics	9.3	9.9	+0.6
Cotton yarns	96.8	100.3	+3.5
Cotton piecegoods	181.5	182.2	+0.7
Towels, not embroidered	8.8	13.2	+4.4
Linen, embroidered	7.4	8.5	+1.1
Cement	4.6	6.4	+1.8
Iron and steel bars	1.4	8.4	+7.0
Aluminiumware	4.6	9.8	+5.2
Torch batteries	8.6	10.6	+2.0
Torch bulbs	4.3	5.9	+1.6
Electric torches	46.2	49.4	+3.2
Metal lanterns	9.4	13.1	+3.7
Shirts	64.0	65.7	+1.7
Embroidered outerwear	6.7	7.0	+0.3
Footwear	57.6	76.2	+18.6
Plastic articles	7.7	7.9	+0.2
Vacuum flasks	6.3	7.8	+1.5

Comparing the number of factories and the number of workers employed by these factories and workshops at the end of last year with statistics for the previous year, it is also evident that the improvement in a large number of industries far offsets the decline in only a few industries.

Industry	Number of Factories		Number of Employees	
	1954	1955	1954	1955
Mining & quarrying	5	24	1,075	1,268
Food manufacturing (except beverages)	260	294	6,421	6,358
Beverage	29	22	917	991
Tobacco	6	6	1,253	1,143
Textile (spinning, weaving and knitting)	566	604	34,021	37,064
Footwear, other wearing apparel & made-up textile goods	124	216	5,701	8,603
Wood and cork (except furniture)	102	112	1,682	1,729
Furniture and fixtures	17	21	560	686
Paper and paper products	16	23	414	483
Printing and publishing	336	356	6,437	6,752
Leather and leather goods (except footwear)	10	12	256	322
Rubber products	56	58	7,845	7,944
Chemicals and chemical products	92	88	3,048	3,038
Products of petroleum & coal	1	1	13	13
Non-metallic products	61	66	2,171	2,315
Iron, steel, lead and wolfram	19	20	1,266	1,285
Metal products (except machinery, transport and equipment)	316	399	15,161	17,785
Machinery (except electrical machinery)	147	183	2,306	2,711
Electrical machinery, apparatus, appliances & supplies	71	81	7,281	7,599
Transport equipment	38	41	9,709	11,052
Miscellaneous manufactures	117	156	5,535	4,950
Construction (terrazzo works)	4	4	68	48
Electric light and power	5	5	888	950
Gas	2	2	402	361
Petroleum installation	4	5	497	527
Cargo packing	5	6	63	67
Godown	1	3	402	537
Cable and wireless	1	1	6	6
Telephones	1	1	878	938
Motion pictures	7	5	480	392
Laundries	75	102	1,798	1,510
Total	2,494	2,926	115,453	139,485

PRICES OF LOCAL MANUFACTURES

In comparison with the business during years 1950 to 1952, local manufacturers experienced a relatively difficult period during past three years because the cost of raw materials has gone up. To make the situation more difficult, export prices of HK goods declined in general. However, items such as towels, iron and steel bars, torch batteries and bulbs, and metal lanterns show slight recoveries last year. On the other hand, piecegoods, bleached yarns, lacquers and varnishes improved during the same period. Statistics of the Government show following price changes: (These prices are only indicative and do not represent the exact prices for respective items listed).

manufactures. Translated* into industrial language, this strategy calls for market research as well as honest self-examination of what local industries can produce and possibilities for quality and other improvements to meet different demands from various markets. This task is both practical and effective if full cooperation among local industrialist, exporters and government departments can be established, maintained and strengthened.

It was reported by a local exporter recently that the samples of woollen knitted wear they sent to Europe were returned to them with the following comment from their agents, "Your sizes are not suitable for this market. Those marked 'ladies' are too small even for our girls." This is

		Export Prices			
Commodities	Unit	1953	1954	1955	Drop in % (1953-55)
(in HK\$)					
Preserved fruits	lb	1.21	1.10	1.04	14.0
Prepared paints, enamels and mastics	lb	1.19	1.12	1.11	6.7
Cotton yarn and thread, grey	lb	3.21	3.15	3.11	3.1
Shirtings, grey	sq yds	1.05	0.94	0.94	10.5
Shirtings, white	sq yds	1.21	1.01	0.90	25.6
Poplins	sq yds	1.93	1.81	1.27	34.2
Cotton fabrics, other than grey, n.e.s.	sq yds	1.21	1.06	0.99	18.2
Iron ore and concentrates	cwt	2.94	2.16	1.80	38.8
Cigarettes	lb	5.23	4.76	4.67	10.7
Towels, not embroidered	doz	15.65	8.66	9.76	37.6
Iron and steel bars and rounds	cwt	37.05	29.10	31.35	15.4
Torch batteries	doz	2.68	2.16	2.12	20.9
Torch bulbs	doz	0.68	0.56	0.58	14.7
Electric torches	doz	15.31	14.91	13.98	8.7
Metal lanterns	doz	195.81	151.50	187.78	4.1
Cotton singlets	doz	37.31	15.36	15.30	11.6
Shirts	doz	47.83	42.96	41.06	14.2
Footwear, leather	doz pair	226.06	199.63	144.21	36.2
Footwear, textile and rubber	doz pair	34.98	33.57	31.68	9.4
Rubber footwear	doz pair	66.10	63.34	61.59	6.8
Vacuum flasks and jugs	doz	52.18	46.29	44.96	13.8
Matches	case	166.97	161.05	152.42	8.7
Cement	cwt	6.80	6.13	6.13	2.7
Gain in % (1953-55)					
Lacquers and varnishes	lb	2.36	2.33	2.56	8.5
Cotton yarn and thread (bleached, mercerized or dyed)	lb	3.06	3.00	3.07	0.3
Drills, ducks and jeans, grey	sq yds	1.21	1.32	1.33	9.9
Sheetings, grey	sq yds	0.98	0.93	0.99	1.0
Cotton fabrics, grey, n.e.s.	sq yds	0.88	0.92	1.06	20.5
Drills, ducks, jeans (white or dyed)	sq yds	1.22	1.19	1.24	1.6
Sheetings, white	sq yds	0.82	0.95	0.99	20.7

PROSPECTS OF FURTHER GROWTH

Judging from these developments, manufacturers here have many obstacles to overcome. However, it is equally evident that prospects do not depend entirely upon government aid. Actually, Government has always been very anxious to help local industrialists. The Department of Commerce and Industry is doing a fine job in the sales promotion of local manufactures in overseas markets. Projects like Kun Tong reclamation, though not yet satisfactory, show how Government is trying its best with limited resources to help local industries. Constructive suggestions have always been carefully considered by local authorities.

On the other hand, the fact that local industries are relying more and more on preferential tariff in the Commonwealth market indicates that production and marketing are not yet on a healthy foundation. Wishful thinking of an ideal solution will not help local manufacturers to get more business. The Governor has advised, "We shall probably never be able to achieve all that we want to do and which needs doing, but the rational man strikes a balance between what he desires and what can be done. It is only in imaginary worlds that we can do whatever we wish." Here are a few of many things which can be done to help the growth of local industries:

Marketing: The old Chinese war strategy "Thorough knowledge about yourself and your opponent is the key to victory" will serve the purpose of the marketing of HK

one example of the ignorance of market conditions among local manufacturers. There are many factories here which do not know what to produce. There are also many overseas buyers who do not know what Hongkong can produce in addition to gloves, yarns, piece goods, rubber footwear, enamelware and other well-known items. There is much to be done in this respect particularly when a new market is to be developed or a new item is to be introduced into an existing market. The field is unlimited and the hope of success is bright because it is practical.

Scientific Management: Recently, the Labour Commissioner reported that the steady increase of the number of factories resulted in a continued demand for skilled and semi-skilled workers and served in some measure to check the tendency for wages to fall. In other words, if manufacturers continue to cut wages, they will only be able to get unskilled workers and the result will be a further fall in the standard of production. This has caused much alarm among local industrialists who have been relying on cheap labour to keep production cost low. They therefore yell for cheaper lands, lower rates for electricity and taxes. Actually, there are other ways to cut the cost of production. This is where scientific management comes in. It is not too complicated nor too difficult for any conscientious person to master. It is simply the cutting down of wastage in raw materials, machine utilization, labour, and overhead expendi-

THE GLASS MARBLE INDUSTRY OF HONGKONG

By S. C. Wu

Glass marbles are known to most people merely as toys for children. But actually there are quite a few usages for marbles of all sizes. Firstly, as many people have already known, they can serve as toys for children. Secondly, they can be used for water filtration (sizes of 25mm up). Thirdly, they can be used in printing presses (sizes of 20mm to 30mm). Fourthly, they can also be used for industrial purposes such as oil-drum cleansing, grinding etc.

The marble industry in this Colony is comparatively a rather young one. Before September 1954, there was not even one single marble factory in Hongkong. All the glass marbles being sold and purchased in the colony then were imported, and mostly from Japan. Hongkong was serving only as a transit-port as far as the marble business was concerned. But since the introduction of 'certificate of origin' and the system of 'Imperial Preference', there have been considerable inconveniences and difficulties involved in re-exporting Japanese products from Hongkong to the various Commonwealth countries where there are quite regular demands for marbles. In recent years, there have been many enquiries for this commodity pouring in from these countries. Encouraged and spurred by such a favourable situation, the first marble factory of Hongkong—the Hongkong Marble Glass Manufactory was set up in September 1954 with an initial capital of 100,000 HK dollars. Following the establishment of this plant, two other marble factories were also set up successively in this Colony, one in June 1955—the Yu Man Marble Factory, and one in August 1955—the World-Light Manufacturing Co.

However, the Hongkong Marble Glass Manufactory has been so far the biggest one in this young industry of the Colony. It has five specially constructed furnaces and ten complete sets of machines. The number of workmen regularly employed in this plant is about 120. Extra female labourers are also employed on temporal basis for sorting and packing. The production capacity of each machine is 103,680 pcs. of marbles per day. The total daily output of this factory is 1,036,800 pcs. of 14mm and 17mm transparent marbles with colour-core and clay marbles of assorted colours. The factory will soon produce marbles of more sizes in the near future.

The process of making glass marbles seems simple yet it is quite complicated. To tell it in detail would require a big volume. However, we can have a rough idea of it here nevertheless. First, the glass scraps are put into the specially constructed furnaces to be melted. Then, chemicals and pigments are added for purification and colour-core etc. The melted glass comes out through the moulding compart-

ment of the machine in glue form (there are two complete sets of machines attached to each furnace) and the cutting device of each machine cuts the marbles into sizes desired. It requires very specialized knowledge to adjust the heat, quantities of chemicals added etc. to produce the exact colours and shapes desired.

Although there are markets for marbles all over the world, UK and the various Commonwealth countries have been hitherto the most favourable and essential markets for Hongkong products. Under the system of 'Imperial Preference', Hongkong manufactured marbles are in a good position to compete with the Japanese made ones in these countries. Up to this moment, Hongkong manufactured marbles have been exported to Britain, Italy, New Zealand, South and East Africa, Australia, South and Central America and also places in the South Pacific like Fiji Island, Guam etc. During the period from September 1954 up to the present date, Hongkong Marble Glass Manufactory alone exported a total quantity of approximately one and half million HK dollars worth, i.e. about a quantity of one and a quarter million HK dollars value per year. But with the Commonwealth countries as essential markets, Hongkong manufactured marbles have, instead of all year round, only seasonal business, as far as big deals are concerned, which starts from June to February. During the slack months of waiting, the manufacturers are obliged to have most of their capital tied up in keeping stock; sometime as much as half the amount of the annual sale may have to be tied up until the next business season comes. Another difficulty the local manufacturers have already encountered was that many orders had been booked before the prices of raw materials went up. To overcome these two difficulties, the Hongkong Marble Glass Manufactory have been considering ways to extend sales to markets other than the British Commonwealth countries, so as to enable the firm to have all year round business instead of just seasonal sales. To do this, the manufacturers must first reduce the cost of production so as to be able to compete with the Japanese products in prices and to gain markets in countries where Imperial Preference does not apply. In order to attain this aim, the local manufacturers must first of all gain control of the supply of the raw materials, especially the most essential one—glass scraps.

The raw materials for making marbles are: 1. glass scraps, 2. soda ash, 3. feldspar, 4. quartz, 5. sodium silico fluoride, 6. borax, and 7. pigments of various colours. Glass scraps are essential materials for making the marbles while the other items are for the purposes of purification, colour-core etc. Prices of all these raw materials have gone up in the year past due to various reasons. Take the price of glass scraps for instance, it was only HK\$3.00 per picul in September 1954 when Hongkong Marble Glass Manufactory was first set up, but now it has gone up to as high as HK\$14.00 per picul. Prices of the other raw materials have also hiked up considerably, especially the prices of some of the pigments. Like Oxide Selenium (for red), a very rare metal, its present price in the world market is one and half times higher than it was in September 1954.

Up to the present moment, all the local manufacturers have been relying completely upon the scraps-collectors for their supply of glass scraps. The scraps-collectors get this item of raw materials for marbles from the local waste. Prices demanded by the scraps-collectors hiked up as quanti-

ties without affecting the quality of goods and the efficiency of services.

Yet, today in Hongkong only a very small number of factories are run by qualified executives in scientific ways. The majority of industrial establishments are managed by incompetent relatives of owners. It is now time for them to wake up and streamline their management and production system so that they might produce better goods and earn more profit without depending upon government aid or further cut of wages.

As long as Hongkong products are cheap in price and better in quality than other goods there will always be markets for them.

ty demanded by the manufacturers increased. Cost of production has therefore been increased and the manufacturers have to suffer considerable losses in fulfilling orders they have accepted when prices of raw materials were still low. The FOB prices for the Hongkong Marble Glass Manufactory products are at the present, about HK\$50.00 per case of 10,000 pcs. including packing, and HK\$93.00 per case of 21,000 pcs., also including packing. There are many more packings of different quantities at different prices. In order to have a better control of its production cost in the future, the Hongkong Marble Glass Manufactory is now conceiving plans to set up a glass manufacturing department to produce glass and to provide itself with glass scraps for its production of marbles.

The exports of Hongkong manufactured marbles have been handled both by the manufacturers themselves and the local I/E firms. Foreign buyers get the current quotations

or place their orders either by dealing with the I/E firms or by dealing directly with the manufacturers.

Due to the aforementioned fact that very large amount of money has to be tied up during the slack months, one of the three marble factories in this Colony has already ceased operation for the time being because of financial difficulties. However, the prospect of this industry is nevertheless good. There are still many markets for marbles all over the world. The demand for marbles has not been fully answered yet. Take the Hongkong Marble Glass Manufactory for example; it has been producing marbles to full capacity so far and yet there are many booked orders to be fulfilled. If the local manufacturers succeed in overcoming the above mentioned two major difficulties and are able to secure sufficient financial backing, there are good reasons to believe that this young industry of the Colony will grow big and strong in due time.

HONGKONG STATISTICAL REPORTS

January 1956

Vital Statistics:

	January
Birth	8,702
Death	1,633

Retail Price Indices:

	January 1956	January 1955
Food (including drink)	118	121
Rent	119	119
Clothing (including footwear)	91	90
Fuel	92	111
Electric Light	59	60
Cleaning	90	89
Education	140	138
Tobacco and Cigarettes	113	113
Doctors and Medicines	105	106
Fares	100	100
Household Equipment	112	112
Hair Dressing	122	122
Newspapers and Stationery	153	153
Shoe Repairs	78	81
Rates	100	100
General Retail Price Index	114	116

Hongkong Clearing House Figures:

October, 1955	\$1,200,425,996
November, 1955	1,260,188,799
December, 1955	1,348,013,094
January, 1956	1,351,103,531

Banknotes in Circulation:

	January
The Hongkong & Shanghai Banking Corporation	\$675,742,000
The Chartered Bank of India, Australia & China	46,970,660
The Mercantile Bank of India, Ltd.	4,136,200
Total	\$726,848,860

Production of Electricity and Gas:

	January
Electricity (kw. hrs.)	53,279,516
Gas (cubic feet)	58,353,100

Food Supply:

	January
Animals Slaughtered (heads)	80,670
Fish Marketed (tons)	3,531
Vegetables Marketed (tons)	7,973

Registration of Factories:

	January
Applications Received	63
Cancelled and (Refused)	17 (4)
Certificates Issued	65

Hongkong Building Construction in January:

	Cost in HK\$		
	Number	Building	Site Work
City of Victoria—			
Houses and Flats	27	1,221,836	8,000
Other (including mixed accommodation)	1	78,790	6,389
Island outside Victoria—			
Factories and Godowns	1	790,564	125,750
Houses and Flats	24	1,275,511	—
Other (including mixed accommodation)	4	7,343,014	200,000
Kowloon and New Kowloon—			
Factories and Godowns	10	987,994	6,752
Offices and Shops	1	13,900	—
Houses and Flats	146	7,442,128	188,325
Other (including mixed accommodation)	9	1,579,894	76,679
Total (January 1956)	223	20,733,631	611,895

Production of Cement:

	January
Cement (metric tons)	11,266

Kowloon-Canton Railway (British Section):

	January
Passengers	
Upward	128,666
Downward	123,783
Concession Tickets	15,147
Freight	
Upward	1,007,150 kgs
Downward	12,651,640 kgs

Vehicular Traffic:

Total number of vehicles and drivers licensed:

Vehicles:	(Total on Jan. 31)	
	In January	Jan. 31)
Trams	—	126
Motor Cycles	19	1,438
Private Cars	319	17,066
Taxis	8	344
Public Hire Cars	3	283
Motor Buses	—	563
Public Commercial Lorries	58	1,394
Private Commercial Lorries	58	1,748
Government Cars & Lorries	18	811
Rickshaws (Private)	21	21
(Public)	—	853
Public Chairs	6	6
Tricycle (Goods)	5	775
Hand Trucks	—	1
Trailers	—	8
Drivers:		
Motor Drivers' Licences	905	50,268
Rickshaw & Tricycle Drivers	2,648	2,648

SHIPPING

FOREIGN TRADE CONDUCTED BY JUNKS AND LAUNCHES
UNDER 60 TONS

	January	
	Inward	Outward
Tonnage of Cargo: Junks	81,667	8,890
Tonnage of Cargo: Launches	4,795	1,115
Total	86,362	4,805
Tonnage of Vessels: Junks	101,676	101,639
Tonnage of Vessels: Launches	8,919	8,913
Total	110,595	110,552

COMMERCIAL CARGO TONNAGES

	January	
	Discharged	Loaded
Ocean-going Vessels (tons)	308,523	139,351
River Steamers (tons)	1,100	961
Total (tons)	309,623	140,302

AVIATION

Arrivals and Departures of Aircraft,
Passengers and Freight at Kai Tak

Aircraft:		January
Arrivals	—	302
Departures	—	298
Total	—	600
Passengers:		
Arrivals	—	5,275
Departures	—	6,006
Total	—	11,281
Freight:		
Imports (kilogrammes)	—	49,388
Exports (kilogrammes)	—	155,124
Total	—	204,512

HONGKONG'S TRADE WITH OTHER COUNTRIES
IN EAST ASIA

January 1956

	Imports	Exports
Burma	\$ 2,953,894	\$ 699,068
Ceylon	74,395	1,121,289
Indochina	6,363,606	17,220,995
India	6,646,609	1,410,432
Pakistan	12,048,439	341,268
Malaya	16,933,575	35,049,156
Philippines	1,925,309	3,107,038
Thailand	15,953,807	27,002,018
Indonesia	4,752,152	33,729,296
China	93,783,231	7,321,398
Formosa	4,783,042	3,453,013
Korea	206,498	14,810,303
Total Trade of Hongkong	\$385,533,548	\$251,233,216

FINANCE & COMMERCE

HONGKONG EXCHANGE
MARKETS

For the week of 26th March to 31st March 1956

U.S.\$				
March	T.T. High	T.T. Low	Notes High	Notes Low
26	\$585¼	585¼	584½	583¾
27	585½	585	584¾	583¾
28	585½	584½	583½	582¾
29	584¾	584¼	583¼	582½
30	H o l i d a y			
31	H o l i d a y			
D.D. rates: High 584 Low 582¼.				

Trading Totals: T.T. US\$1,630,000, Notes cash US\$285,000 and forward US\$1,120,000, and D.D. US\$295,000. The market continued its easiness with rates more or less settled down at the proper level. Speculators and hedging operators were passive and sellers were many. The undertone was easy. In the T.T. sector, offers came from Japan, Korea, Vietnam and the Philip-

pinas; gold and general importers bought.

Highest and lowest T.T. rates recorded in March were \$595½ and 584½.

Interest for change over favoured sellers and amounted to \$4.55 per US\$ 1,000. Positions taken by speculators in fictitious forward figured at US\$1½ million per daily average. Highest and lowest forward rates in March were 592½ and 582½. In the D.D. sector, oversea Chinese remittances continued to pour in, due to the Easter season.

Yen: Interest for change over favoured buyers and amounted to \$10.50 per Yen 100,000. Cash quotations were \$1,500—1,475 per 100,000. The market was quiet.

Far Eastern Exchange: Highest and lowest D.D. rates per foreign currency unit in HK\$: Philippines 1.87—1.855, Japan 0.014825—0.0147, Malaya 1.879, Vietnam 0.0714, Thailand 0.2702, Sales: Pesos 210,000, Yen 60 million, Malayan \$205,000, Piastre 6, million,

Baht 4 million. The market was quiet.

Chinese Exchange: Official rates of the People's Bank Yuan remained unchanged at 6.839 per Sterling and 0.427 per HK\$. Cash notes quoted \$1.60 per Yuan. Taiwan Bank Dollar officially unchanged at 15.65—15.55 per US\$ and 2.74—2.72 per HK\$. Cash notes quoted \$160—158 per thousand, and remittances 147—146. Small business transacted.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.80, Australia 12.25, New Zealand 13.90—13.88, Egypt 15.15, South Africa 15.52, India 1.1875—1.17, Pakistan 0.905, Ceylon 0.90, Burma 0.515—0.50, Malaya 1.841—1.84, Canada 5.815—5.805, Cuba 4.50, Philippines 2.01—1.9925, Switzerland 1.35, West Germany 1.35, Italy 0.92, France 0.014625—0.0144, Vietnam 0.074—0.073, Laos 0.094—0.09, Cambodia 0.0785—0.077, Indonesia 0.173—0.171, Sandakan 1.50, Thailand 0.267—0.266, Macau 0.995.

Gold Market

March	High .945	Low .945	Macau .99
26	\$255½	254½	
27	255½	254½	High 266½
28	254½	254½	
29	254½	254½	265 Low
30	H o l i d a y		
31	H o l i d a y		

The opening and closing prices were \$255½ and 254½, and the highest and lowest were \$255½ and 254½. The highest and lowest prices recorded in March were 259½ and 254½. The market was rather quiet, but demands for export were good and gold importers easily obtained their requirements from abroad. Interest favoured buyers and amounted to 18 cents per 10 taels of .945 fine. Tradings totalled 23,980 taels or averaged 5,995 taels per day, and positions taken by speculators figured at a daily average of 26,000 taels. Cash sales amounted to 17,040 taels, of which 4,040 taels listed and 13,000 taels arranged. Imports came from Macau and totalled 21,000 taels. Two shipments arrived in Macau and amounted to 64,000 fine ounces. Exports figured at 18,500 taels (7,500 to Singapore, 4,000 to Indonesia, 2,500 to Rangoon, 2,000 to Vietnam, 1,500 to Korea, 1,000 to India). Differences paid for local and Macau .99 fine were \$13.10—12.60 and 12.20—12.00 respectively per tael of .945 fine. Cross rates worked in the Exchange were US\$37.91—37.90. A total of 32,000 ounces were contracted at 37.89 C.I.F. Macau. U.S. Double Eagle old coins quoted HK\$254—253 per coin, and new coins 225—223 per coin, while Mexican gold coins quoted 271—270 per coin.

Silver Market: The market was very quiet. Bar silver quoted \$6.30—6.25 per tael with 500 taels traded, \$ coins quoted \$4.02—3.96 per coin with 800 coins traded, and 20 cent silver coins quoted \$3.10—3.05 per five coins.

Money Market: The market remained easy. Interest rates for Letter of Credit were charged at around 6% p.a., for overdrafts and loans at 8 to 10% p.a., and for mortgages on real estate at 8 to 12% p.a. Rates charged by Chinese native banks and financiers were higher, about 15% p.a.

Very active, even hectic business pace lasted throughout March. Building activity was almost feverish. New houses are going up and up. Vast sums of local and imported capital are invested, as a matter of routine. The improvements are visible all over the Colony. Money is available for all ventures. The interest rates currently charged are considered fair and continue to incite rather than deter further, often reckless entrepreneurs. The conditions of business boom and ever expanding economy are impressive. The multiplication of shops and stores, and of places of entertainment, is phenomenal. Considerations of cau-

tion do not seem to be entertained by merchants, manufacturers, shop keepers and the entrepreneur class generally.

* * *

For the week of 2nd to 7th April 1956

U.S.\$

April	T.T. High	T.T. Low	Notes High	Notes Low
2	H o l i d a y			
3	\$584	583	582½	581½
4	583½	582½	581½	580½
5	584½	582½	582½	580½
6	586½	584½	583½	582½
7	586½	585	583	582½
D.D. rates: High 584 Low 580½.				

Trading totals: T.T. US\$2,660,000, Notes cash US\$348,000 and forward US\$1,640,000, and D.D. US\$410,000. The market was uncertain and rates rallied at this level. Switch exchange operators began to buy in expectation of lower cross rates, spinning mills bought heavily to cover their cotton import bills, and shippers bought cash notes and sold T.T. for profits of about 2 points. In the T.T. sector, gold and general importers satisfied their demands from offers by Japan, Korea, Bangkok, Indochina and the Philippine merchants. In the notes market, the stock reduced on demands by shippers. Interest favoured sellers and amounted to \$4.19 per US\$1,000. Speculative positions figured at US\$1½ million per daily average. In the D.D. sector, business remained heavy on overseas Chinese remittances.

Yen: Cash notes quoted \$1.500 per Yen 100,000. Nothing done in fictitious forward market. Change over interest favoured buyers and amounted to \$9.00 per Yen 100,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.85—1.82, Japan 0.0147—0.014575, Malaya 1.879, Vietnam 0.0714—0.06756, Thailand 0.2724—0.2702. Sales: Pesos 460,000, Yen 125 million, Malayan \$380,000, Piastre 13 million, Baht 7 million. The market was active but rates little changed.

Chinese Exchange: People's Bank Yuan notes quoted at \$1.60 per Yuan. Taiwan Bank Dollar notes quoted HK\$ 160—159 per thousand, and remittances at 149—146. Only small business transacted.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.80—15.78, Australia 12.25, New Zealand 13.90—13.88, Egypt 15.15, South Africa 15.52, India 1.18—1.1725, Pakistan 0.905, Ceylon 0.90, Burma 0.50—0.49, Malaya 1.841, Canada 5.825—5.79, Cuba 4.50, Philippines 2.02—2.00, Switzerland 1.35, West Germany 1.35, Italy 0.92, France 0.0144—0.0143, Vietnam 0.073—0.072, Laos 0.092—0.087, Cambodia 0.0755—0.074, Indonesia 0.177—0.169, Sandakan 1.50, Thailand 0.267—0.265, Macao 0.995.

Gold Market

March	High .945	Low .945	Macau .99
2	H o l i d a y		
3	\$254½	253½	
4	253½	252½	Low 264
5	253½	263	
6	254½	253½	265½ High
7	254	253½	

The opening and closing prices were \$254½ and 253½, and the highest and lowest were 254½ and 252½. The market was quiet with business confined to import and export. Contracted import price has gone up to US\$37.96 from 37.89 C.I.F. Macau, but few contracts concluded. Interest for change over favoured sellers and amounted to \$2.45 per 10 taels of .945 fine. Tradings totalled 28,400 taels or averaged 5,680 taels per day, while speculative position figured at a daily average of 22,500 taels. Cash sales amounted to 35,670 taels (6,670 listed and 29,000 privately arranged). Imports (rather "re-imports") were all from Macau and totalled 28,000 taels. A shipment of 56,000 fine ounces arrived in Macau during the week. Exports totalled 24,000 taels (9,500 to Singapore, 7,000 to Indonesia, 4,000 to Rangoon, 3,000 to India, 500 to Korea). Differences paid for local and Macau .99 fine were \$13.00—12.60 and 12.00—11.90 respectively per tael of .945 fine. Cross rates worked in the Exchange were US\$37.94—37.92. Contract price was 37.96 C.I.F. Macau. U.S. Double Eagle old coins quoted \$253 per coin; new coins 224.50—223.00 per coin; Mexican gold coins 270.00—269.50 per coin.

Silver Market: The market continued quiet with no enquiry from exporters. Bar silver quoted \$6.25—6.15 per tael with 500 taels traded, \$ coins quoted 3.96—3.90 per coin with 1,000 coins traded, and 20 cent silver coins quoted 3.05—2.98 per 5 coins with 800 coins traded.

Trend of Business: Native banks, exchange shops, bullion dealers and brokers are doing good business. Not all like to admit it. The influx of tourists, mainly US servicemen and US citizens, is greatly benefiting the free exchange market. The general benefits derived by the community here from the US tourist flood are very important, keeping a multitude in business, enriching several hundreds of merchants and manufacturers.

Fresh investment capital both from local sources (profits and earnings) and from overseas Chinese supplies all needs, and new building and industrialisation proceed at a fast pace. The tempo and quantity of new building, including redevelopment of property, is conspicuous. Added to some \$100 million per year private building expenditure (which probably for 1956 will exceed \$130 m.) are the vast sums of money defrayed by public funds, mainly Government, and the British Forces' combined construction works, in the

two cities and in the rural New Territories.

The spirit of new entrepreneurs is infecting all sectors of the community and development is seen everywhere. The community is economically most dynamic and progressive. Ostentation and conspicuous spending have notably increased and large amounts are daily going to support an ever increasing amusement and entertainment industry, and encouraging ever more establishments to operate more night clubs, dancings, restaurants, tea rooms, ball-rooms, etc.

Land prices still show a rising tendency. Interest in buying land, as investment or a speculative counter, remains active. Many districts on both sides of the harbour, previously considered 'cheap', have in recent months risen in public esteem with the result that land prices have doubled and tripled. There are fortunes to be made in land purchases. The stock and share market attracts new capital almost all the time. It is significant that more Chinese than any other capital is inducted into the share market. In spite of the boom, there is a tendency on the part of non-Chinese investors to keep funds liquid and have them invested in overseas countries. For Chinese capital Hongkong appears to be the most favoured territory, and Chinese residents in southeast Asian countries continue to send investment funds to Hongkong.

HONGKONG SHARE MARKET

Trading in the local stock market immediately before and after Easter holidays was very slow. On Wednesday, March 28, transactions amounted to only \$350,000. The market improved last Friday with a turnover of \$2.02 million; the highest record since February 22 this year. Interest was particularly centred on utility shares. Hotels, Lands, Wheelocks, Cements, and Dairy Farms also enjoyed steady business throughout the fortnight.

After many weeks of continuous decline, most popular shares recovered slightly last Friday:

Shares	March 23	Highest	March 26/April 6		Ups and Downs
			Lowest	Closing	
HK Bank	1675 s	1680 s	1660	1665	—\$10
Union Ins.	970 n	980 s	960	960	—\$10
Wheelock	8.25	8.40	8.20	8.35	+10c
HK Wharf	72.50	74 b	72 b	74 b	+\$1.50
HK Dock	32	36.25	31.50 b	36.25	+\$4.25
Provident	13 b	13.50 b	13.10	13.50 b	+50c
Land	59 b	61.50	59.50	61	+\$2
Realty	1.50 s	1.50 s	1.40 b	1.45	steady
Hotel	14.30	14.40	14.10	14.10	—20c
Trams	22.30	23	22.50	22.80	+50c
Yauamati	100 s	105	98 b	103	+\$3
Light (o)	20.30	22.30	20.70	22.30	+\$2
Light (n)	18	19.60	18.40	19.60	+\$1.60
Electric	28.50	29.90	28.90	29.80	+\$1.30
Telephone	21.90 b	22.70	22.50	22.70	+80c
Cement	33.75	31.50	34	34	+25c
Dairy Farm	1.40	1.40	1.37	1.37	—30c
Watson	1.40	20	10.70 b	11.20	+40c
Amal. Rubber	1.65 s	60	1.50	1.55	—10c

Monday (March 26): The market was quiet on the opening day of the week and in the small volume of business transacted some counters registered slight advance. The undertone was steady throughout the day. The turnover amounted to approximately \$540,000. **Tuesday:** Although trading was on a light scale, sentiment appeared to improve and as a result, further fractional gains were registered in which Utilities were most prominent. The turnover for the day amounted to approximately \$600,000. **Wednesday:** The market was idle during the half day session. The turnover amounted to approximately \$350,000. **Thursday:** There was a slight increase in the volume of business transacted on the eve of the long Easter recession with prices tending to harden towards the close. Interest was fairly well spread with Utilities attracting most attention. In the rubber section, Amalgamateds were in better demand at \$1.55. The turnover amounted to approximately \$1,060,000. **Friday:** Holiday.

The Secretaries for Yangtze Finance announced that at the close of business on March 28, 1956, the shares had a statistical value of \$8.33.

Monday (April 2): Holiday. **Tuesday:** Although business was on a moderate scale, sentiment appeared better with prices marked up in the majority of the bargains reported. H.K. Lands and most of the Utility group were firm. The turnover amounted to approximately \$800,000. **Wednesday:** The market was quiet during the half day session with minor price changes. H.K. Banks found support at the lower level of \$1.660 when approximately 120 shares changed hands. The turnover amounted to approximately \$760,000. **Thursday:** Price changes were few and small in a market restricted to a half day session owing to the Ching Ming Festival. There was a fair volume of business transacted amounting to \$820,000. **Friday:** After opening quietly, the market gathered momentum as the day progressed and with signs of better enquiry there was an improvement in the volume of business, which amounted to approximately \$2,020,000. Interest was well spread with prices generally

remaining steady throughout. H.K. Docks especially were in good demand and advanced to \$36½. Both issues of China Lights were well supported and tacked on useful gains. The market closed on a steady note.

Closing Rates on March 29, 1956

H.K. Govt. Loans

3½% Loan (1934 & 1940), 93½ nom.
3½% Loan (1948), 94 s.

Banks

H.K. & S. Bank, 1660 b; 1670 s; 1670 sa.
H.K. & S. Bank (Lon. Reg.), £98 nom.
Chartered Bank, 44/- nom.
Bank of East Asia, 226 b.

Insurances

Union Ins., 970 nom.
Lombard Ins., 56½ b.
China Underwriters, 9 sa.

Investment Companies

Allied Investors, 5.10 b; 5.20 s; 5.10 aa.
Yangtze Finance, 6½ b; 6.70 s.
H.K. & F. E. Invest, 11.30 nom.

Shipping

Douglasses, 380 nom.
Indo Chinas (Pref.), 15 nom.
Indo Chinas (Def.), 42 nom.
U. Waterboats (Old), 17½ b.
Asia Nav., 1.10 b.
Wheelock, 8.35 b; 8½ s; 8.40 sa.

Docks, Wharves, Godowns, Etc.

H.K. & K. Wharves, 72 b.
Sh. Hongke Wharves, 1.15 nom.
H.K. Docks, Ex. Div., 32½ b.
China Providents, Ex. Div., 13.20 b; 13.10 sa.
Shai Dockyards, 1.40 b.

Mining

Raub Mines, 3½ nom.
H.K. Mines, 6c nom.

Lands, Hotels & Bldgs.

H. & S. Hotels, 14.10 b; 14.20 s; 14.20 sa.
H.K. Lands, 59½ b; 60 s; 59½/60 aa.
Shai Lands, 1 s.
Humphreys, 17.20 b; 17.50 s; 17½ sa.
H.K. Realities, 1.40 b.
Chinese Estates, 290 nom.

Public Utilities

H.K. Tramways, Ex. Div., 22.60 b; 23 s.
Peak Trams (F. Pd.), 75 nom.
Peak Trams (P. Pd.), 40 nom.
Star Ferrie, 135 nom.
Yauamati Ferries, Ex. Div., 101 b; 104 s; 101 sa.
China Lights (Fully Paid), 21½ b; 21.80 s; 21.40½ sa.
China Lights (P. Paid), 18.70 b; 18.90 s; 18.70 sa.
H.K. Electric, Ex. All, 29.60 b; 29.70 s; 29.30/70 sa.
H.K. Electric (Bonus) 28.20 b; 28.20 sa.
H.K. Electric (Rights), 18 b; 18.30 sa.
Macao Electric (Old), 9.80 b.
Macao Electric (New), 8.30 b.
Sandakan Lights, 8½ nom.
Telephones, Ex. All, 22.20 b; 22.30 s; 22.30/.20 sa.
Telephones (Rights), 11½ nom.
Shanghai Gas, 90c nom.

Industrials

Cements, 34 b; 34½ s; 34½ sa.
H.K. Ropes, 14.60 b; 15.20 s.
Metal Industries, 1.60 b.

Stores &c.

Dairy Farms, 17 b; 17.20 s; 17.10 sa.
Wintsons, 10.90 b; 11.40 s; 11 sa.
L. Crawford, 34 nom.
Cald. Macg. (Ord.), 33½ nom.
Sinceres, 1.85 nom.
China Emporium, 9.40 nom.
Sun Co., Ltd., 1.60 nom.
Kwong Sang Hong, 166 b.
Wing On (HK), 56 b.

Miscellaneous

China Entertainments, Ex. Div., 17.10 b.
International Films, 20c nom.
H.K. Constructions, 6½ nom.
H.K. Constructions (Fully Pd. 1955) 4.90 nom.
Vibro Pilings, Ex. All, 17.40 nom.
Marsman Investments, 6/- nom.
Marsman (H.K.), 65c nom.

Cottons

Ewos, 85c nom.
Textile Corp., 5.30 b; 5.40 s; 5.40 sa.
Nanyang Mill, 7½ b.

Rubber, etc. Companies

Amal. Rubber, 1½ b; 1.575 s; 1.55 sa.
Ayer Tawah, 5.45 nom.
Java-Consolidated Estates, 88c nom.
Langkat, 2.20 b.
Rubber Trust, Ex. Div., 2.30 s.
Shanghai Kelantan, 1 b; 1.05 sa.
Shanghai Sumatra, 3½ nom.
Sungala, 3.30 b.

Hongkong Stock Exchange in March

The last two days of trading in February, raised expectations that the turnover for March, 1956, would see a revival in the share market, but business slackened unaccountably, with the million mark exceeded on only five days. Various reasons were advanced for this lack of interest in shares and it is generally accepted that the large sum (\$21,000,000) required for new issues before 30th June is a factor. Considerably more than this sum has been paid out in dividends during March and would, in the ordinary course, be re-invested. It would appear, therefore, the share-out is diverted to other channels.

Banks & Insurances: A fair number of shares in this group at lower levels changed hands. **Investment Companies:** The demand for this class of share was not maintained; any interest shown was centred in Allied Investors. **Shipping:** Apart from a demand for Eastern Asia Navigation Co. shares this section of the market was quiet. **Docks, Wharves, etc.:** Interest in Hongkong Docks was maintained and shares enquired for at lower levels. Only a fair volume of business was transacted in China Providents, but a moderate demand for Hongkong & Kowloon Wharf shares set in. **Lands, Hotels, etc.:** A demand for "Old" Lands at lower levels was recorded and Hotels maintained their popularity. **Public Utilities:** There was a falling off in the demand for shares in this group and prices were fractionally lower. **Industrials:** Only a moderate volume of business was reported in Industrials with Cements in the lead. Other shares in the section were

neglected. **Stores:** Dairy Farms and Watsons were active at lower levels and a moderate turnover in Lane Crawford's reported. **Miscellaneous:** Little business was transacted in this section. **Cottons:** Only light scale trading was reported with Textiles in the lead. Prices remained steady. **Rubbers:** The gradual lowering of Raw Rubber prices affected dealings in Rubber shares, and only moderate trading resulted.

Dividend and other announcements were made by the Bank of East Asia, Union Waterboats, Hongkong & Kowloon Wharf & Godown Co., Hongkong & Whampoa Dock Co., Hongkong & Shanghai Hotels Ltd., Hongkong & Yaumati Ferry Co., Hongkong Telephone Co., Dairy Farm Ice & Cold Storage Co., A. S. Watson & Co., China Entertainment & Land Investment Co., Hongkong Engineering & Construction Co., Vibro Piling Co. and Ayer Tawah Rubber Plantation Co., Ltd.

Business in March: \$17,350,855.
Business in 1955: \$333,189,500.
Business in Jan.-Mar., 1956: \$56,606,377.
Business in March, 1955: \$20,323,340.

Business During March

	Qty. of Shares
H.K. Govt. Loan 3¼% (1948) ..	\$41,000
H.K. Bank	600
Bank of Enst Asia	80
Lombard Insurance	494
Union Insurance	223
China Underwriters	2,500
Allied Investors	20,700
Yangtze	7,175
H.K. & Far East Inv.	1,750
Union Waterboats	1,500
Asia Navigation	29,000
Wheelock Marden	72,740
Wharf Co.	3,172
C. Providents	21,637
H.K. Docks	41,464
Shanghai Docks	4,776
H.K. & S. Hotels	110,250
H.K. Lands (O)	23,988
" (N)	2,935
Humphreys (O)	2,825
Realty	32,000
" (Rts)	1,250
H.K. Trams	21,375
Star Ferry	100
Yaumati Ferry	8,907
China Lights (F. Pd.)	51,835
" (P. Pd.)	36,993
H.K. Electric	37,722
" (Rights)	4,910
Macao Electric (O)	8,042
" (N)	22
Sandakan Light	1,000
Telephones	51,770
Caldbeck (Ord.)	200
Cements	32,777
Ropes	1,300
Metal Industries	13,000
Dairy Farms	53,040
Watson	14,996
Lane Crawford's	948
Sincere	2,159
China Emporium	375
China Entertainment	192
Textiles	28,500
Nanyang Mill	6,900

Rubber

Amalgamated Rubber	234,650
Ayer Tawah	4,000
Langkat	6,517
Rubber Trust	11,062
S'hai Kelantan	6,000
Sungala	10,500

SINGAPORE SHARE MARKET

(March 19-23)

Selected Tin shares showed some improvement and Rubbers had a better turnover which, however, faded away with the fall in the Commodity price. In the Industrial section Fraser & Neave had exchanges at \$1.75 and \$1.76 cum 8%, Wearnes at \$2.82½ and \$2.85 and Malayan Breweries at \$3.35. Straits Traders had increased enquiry and went from \$25¼ to \$25.85 to \$25½ and Malayan Cements recovered to \$1.57½ buyers cum 12½%. Consolidated Tin Smelters were taken from London at 28/1½ including Stamp and British Borneo Petroleum were done locally at 41/6 and 41/9. Gammons having touched \$2.20 fell rapidly to \$2.12½ and Sime Darby went from \$1.90 to \$1.87½. Straits Times had exchanges at \$2.70, Hammers at \$2.55 x.d. and Robinson Ords. at \$2.50 x.d. Kuchai Tin went from \$1.77½ to \$1.82½, Sungei Way hardened to \$3.00, Petaling remained steady at \$3.80 and Talams at \$2.05 cum 20% final.

On the announcement of the 2/- Capital Return (details below) Lower Perak moved quickly to 17/9 and then gradually fell off to 17/3. Tanjong Tin as a result of the receipt of £300,000 from Lower Perak for the Sungei Luas mining leases are to pay a capital dividend of 5/- which will not be subject to tax. The shares were marked up to 25/- middle but no business resulted. Tongkah Harbour moved from 9/- to 9/3 and back to 9/-. Austral Amalgamated were steady around 16/- and Kuala Kampar were better with buyers at 26/-.

Bukit Sembawang had local exchanges at 3/3 and Bangawan Rubber at 7d, the latter were also taken from London at 7½d. During the week announcements of satisfactory dividends neither led to business nor price changes. Batu Lintang had buyers at \$1.55, Sungei Tukang at \$1.45 and Taoh were strong with business up to \$2.10.

Local non-taxables had some demand but taxables were difficult to place.

Patient holders of Peko are being rewarded with a 6d. dividend (20%) and indications are that 40% for the current year is a possibility. Oil Search touched A.15/- but closed 6d. lower.

(March 26-30)

Approaching holidays, a fall in the price of Malaya's staple, political factors and what may be termed a seasonal slackening, all contributed to a reduction in the overall volume of business written. Increased offering of Industrials enforced further price sag-

ging. Rubbers were inclined to ease but an improving metal price helped to sustain tins.

Highlight in the Industrial section was the Straits Steamship declaration of 20% for 1955. As well as a repetition of last year's payment of a 10% dividend plus 5% bonus, the Directors have decided that although the profits are only in line with the average of the previous two years, the receipt of a final War Damage Commission payment has contributed to an increase in the reserves, and as a consequence they are justified in recommending a special distribution of 5%. The shares jumped to \$14 before transactions transpired but quickly fell to business done at \$13.35. At the United Engineers Annual General Meeting it was agreed that a Committee of three shareholders would discuss with the Directors the future policy of the Company. The Meeting ended with an expression of complete confidence in the future running of the firm under its present Board of Directors. The shares remained quietly steady at \$8.25. Fraser & Neave had sellers down to \$1.72½ cum 8%. Malayan Breweries fell to \$3.30 and Metal Box to \$1.42½. Robinson Ords. had exchanges at \$2.40, Hammers at \$2.50, Straits Times at \$2.70 and Gammons at \$2.12½ and \$2.10. Sime Darby came back to \$1.80 sellers, Straits Traders to \$2.55 business done and Wm. Jacks to \$2.65.

Kuchai were steady at \$1.80, Rahman Hydraulic improved to 81½ cents, Sungei Ways to \$3.07½ but Petaling fell from \$3.77½ to \$3.57½.

Austral Amalgamated continued unchanged at 16/- and Kampong Lanjut at 30/6. Berjantai eased to 19/9, Laruts to 7/6 and Rawang Tin to 8/9. Lower Perak after falling to 16/6 cum 2/- capital return recovered rapidly to 17/3.

Southern Malayan were taken at 8/8 arrival and London accepted Gopeng Consolidated at 8/9 and Renong Tin at 8/9.

Turnover in the Rubber section was small. Mentakabs with a final dividend due to be announced soon and a capital return of 25 cents included in the price, had exchanges at \$1.80. Tapah again had a sharp rise from \$2.15 to \$2.50 and Sungei Tukang were firm at \$1.50. Kluangs fell to \$1.00, Lunas had exchanges at 80 cents and Bedford Rubber at \$1.25 cum 10%. Scottish Malayan were taken from London at 2/8½.

War Loans were sought. Federation taxables had some demand whilst Singapore issues were difficult to place.

MARCH TRADE REPORTS

Hongkong March trade figures are: Imports — \$391,183,020; Exports — \$284,164,840; Total — \$675,347,860; registering an increase of \$103,402,158

(imports by \$60,969,581 and exports by \$42,432,577) over the preceding month and an excess of \$145,323,977 (imports by \$65,549,142 and exports by \$79,774,835) when compared with March 1955. The total value for the first three months this year is \$1,884,092,122, exceeding that for the corresponding period in 1955 by \$346,009,985.

In the local commodity market last month, S.E. Asia provided strong demand. Trading with Japan, Taiwan, and the Philippines also improved slightly. Business with Korea remained slow chiefly due to the delayed allocation of government foreign exchange in Seoul.

TRADE DEVELOPMENTS

Trade Restrictions: Malaya required that gourmet powder imported from Hongkong on and after April 1st must be accompanied by a certificate of origin or an imperial preference certificate. Burma banned the entry of spinning and weaving machinery with the exception of spare parts, accessory machines, and knitting machines.

Freight & Insurance: Freight rates for wheat and wheat flour will be increased by US\$2 per short ton from U.S. and Canada and 25 shillings from Australia as from April 1st. Marine insurance premiums to and from China were further reduced; new rates are 3/4d to £1/- per £100/-.

China Trade: China sold US\$2 million worth of iron ore to Japan. Peking also concluded a £86 million barter agreement with Tokyo, and signed a trade protocol with Tirane (Albania). Meanwhile, China stepped up preparations for the Paris Exhibition scheduled to be opened at the end of May. To promote exports to the local market, Peking set up an organization here and established direct contacts with local retailers. Shipping activities to and from China showed further progress; a Chinese freighter called this port loaded with China produce for Japan and S.E. Asia while British and Japanese steamers went to Tientsin with fertilisers direct from overseas. Exports from here to China remained slow but imports from China further improved. In addition to various China produce and light industrial products, Peking sent here 250 Mongolian cattle all the way (1,700 miles) from Inner Mongolia.

Taiwan Trade: Taiwan concluded a barter agreement with Korea and started trade negotiation with Japan. The export floor prices for black tea were again lowered by Taipei to encourage exports in view of the bearish world market and heavy holdings at home. Taipei was considering to permit imports of industrial raw materials paid with self-provided foreign exchanges. In the local market, a re-

surgence of purchases by Taiwan traders was noted during the latter part of the month in pharmaceuticals and industrial chemicals. Large imports of Taiwan sugar were registered; a good portion was transhipped to S.E. Asia.

Japan Trade: Trade talks between Japan and UK were proceeding satisfactorily; agreement on key points was reached. Japan was planning to enlarge her imports this year to a total of US\$3,010.3 million, mostly for rice, wheat, iron ore, scrap iron, etc. In order to encourage free trade, Japan decided to cut down her barter agreements with various countries. In S.E. Asia and Europe, Japanese goods recently met stiff competition from those of Chinese origin; particularly in silk piecegoods and other light industrial products. Japan's purchases from here covered only China produce and metal scraps; many big orders were closed during the month. Imports from Japan consisted mostly of cotton yarn, cotton textile, cement, sugar, paper, toys, sundry articles, and other industrial products; a considerable quantity of these imports was transhipped to S.E. Asia.

Korea Trade: As from April 1st, Korea will increase the import tariff on non-essential commodities and accord free duty to imports of factory materials and reconstruction and rehabilitation supplies. Tenders were invited by Seoul for supplies of coal and related fuels, building materials, broadcasting equipments, coal tar pitch, cigarette paper making equipments, dynamite gelatin, blasting caps, etc. Exports from here to Korea were limited by the low availability of foreign exchange in Seoul. However, several orders for paper, textiles, watches, Chinese medicine, and industrial chemicals reached here during the month.

Indonesia Trade: In addition to import applications for industrial materials, Djakarta also resumed to accept import applications for general commodities. With the long-term loan from US, Indonesia purchased \$97 million worth of US surplus farm products including \$25 million worth of raw cotton which will be processed by Japan, UK, Western Germany, and the Netherlands. Shipments from here to Indonesia were expedited during the month with the approach of the Puasa festival. Shirts, enamelwares, cotton yarn, cotton piecegoods, metals, and sundries constituted the major portion of these shipments.

Thailand Trade: The trade talks between Thailand and Japan was nearing completion. Thai authorities were considering to lower foreign exchange rates and to increase import duties to protect home industry. Trading between HK and Thailand registered improvements in both directions during the month. Exports consisted mostly of HK manufactured cotton textiles, enamelware, aluminiumware, hurricane lanterns, and torchlights and Japanese

cotton yarn, cotton textiles, fibre yarn, artificial silk, and metal products. Imports of Thai farm produce also improved.

Vietnam, Cambodia, Laos, & Vietnam: Exports to Vietnam, Cambodia, and Laos remained active, although somewhat limited in the latter part of the month by import restrictions imposed by the Vietnamese authorities and border incidents which affected transportation between Cambodia and her two neighboring countries, Vietnam and Thailand. Shipments from here to this area consisted mostly of construction materials, cotton textiles, wheat flour, sugar, etc. There was also a noticeable increase in shipments of farm produce from these countries to Japan through HK. Trading between Hongkong and Vietnam was conducted on barter basis; certain improvements were achieved in the exchange of sugar, coconut oil, tanning extract, cotton piecegoods, and electric bulbs from Hongkong for Vietnam feathers, cassia lignea, and medicinal herbs.

Philippine Trade: Manila extended the scope of barter with Hongkong by adding liquid fuel onto the list of permitted exports. The barter trade accounted for almost 70% of the total trade between HK and the Philippines. Shipments of Hongkong manufactured cotton yarn, cotton piecegoods, underwears and iron bars to the Philippines reached \$1 million during the month. Substantial quantities of sundry articles and sundry provisions were transhipped through here to the Philippines. Imports from the Philippines consisted mostly of sugar and mango.

Burma Trade: Burma earmarked 2 million tons of rice for exports. Shipments from here to Burma were restricted by the low foreign exchange reserve in Rangoon. Direct trade between Burma and China improved. Chinese newsprint, and educational supplies reached Burma in much increased volume.

COMMODITIES

China Produce: Market remained active throughout the month. Demand from Japan was strong. Prices for most popular items were firm; many items gained on short stock. Teaseed oil advanced to an exorbitant level; supply was scarce. Woodoil was steady with orders from Japan, Australia, New Zealand, Taiwan, and the Philippines; a small quantity of Vietnamese product was shipped here. Garlic, toasted, was firm with demand from Singapore, Vietnam and Thailand. Dried chilli enjoyed good sales to India and Singapore with prices advancing. Dried ginger improved on orders from Europe and Japan; offers were available only in forwards at higher prices on account of short supply. Cassia lignea regis-

tered continued purchases by Europe, India, Japan and Penang at steady prices, while cassia buds was favoured by Canada. Groundnut kernel was so short in stock that supplies were drawn from the Philippines as well as shipped back from Europe; however, when China resumed supplies to the local market, prices receded. Maize enjoyed unabated demand from Japan; price improved. Raw silk registered sales to Indonesia and Europe; silk waste of lower grades was purchased by Japan; spun silk enjoyed local sales as well as exports to Europe. Bitter almond of Chinese origin was exhausted here; Indian cargo was available but price was weak due to over-supply. Other export deals closed during the month included bee wax to Europe and Japan, rosin to Indonesia and the Netherlands, groundnut-in-shell to Canada, teaseed cake to Singapore, broken cassia to Japan and Europe, menthol crystal and rhubarb to Indonesia, jute to UK, galangal to Middle East, hog casing to the Netherlands, hog bristle to Europe, gypsum to Singapore, coir fibre to Japan, tumeric to Africa, aniseed oil to Europe, aniseed star to Japan, sesame seed to Japan and Canada, and castor and hemp seeds to Japan. Mustard seed was enquired for by Japan, but low stock here prevented business. Green pea was the most active in the beans market, registering sales to Japan, India, Ceylon, Singapore, and the Philippines at improved prices. Yellow bean remained steady under purchases by Singapore and local dealers. Green bean was favoured by Japan and Malaya, while black bean, broad bean, red bean, and string bean enjoyed active local demand. Citronella oil was sluggish in view of the bearish world market. Tea continued to decline despite renewed buying interest from Singapore; the weak international market and the heavy stock in Taiwan might depress prices further.

Metals: Exports were sluggish at the beginning of the month but improved later with demand from Korea, Taiwan, Vietnam, Indonesia, China, and the Philippines. Local demand for structural steels and factory varieties was keen throughout the month. Marked-up indents, stimulated many popular items and encouraged speculative buying. Mild steel plate was favoured by Thailand and the Philippines; larger sizes were particularly popular but prices failed to improve. Mild steel angle bar firmed on short stock; mild steel round bar declined in spite of numerous enquiries from overseas. Black plate waste waste climbed up on higher cost and demand from local enamelware factories. Galvanized iron sheet was firm in local sales and exports to Indonesia and Cambodia while galvanized iron pipe turned active when cost advanced nearly 15%. Aluminium sheet was bought by Thailand, copper sheet by Taiwan, and brass sheet and zinc sheet by local factories; all advanced on high indents.

Pig lead was favoured by India but low buying offers curbed business. Brass and copper scraps advanced on dwindled stocks. Iron scraps recovered when Japan raised buying offers. Salvaged steel plate advanced on keen local demand; substantial quantities arrived from Singapore. Other items favoured by local factories were iron wire rod, copper wire, steel wire rope, steel window sash bar, steel plate cuttings, steel shaft, welding electrode, ungalvanized iron wire shorts, etc.

Paper: Local and export demand remained strong throughout the month. Most exports, however, were made by suppliers' local agents and paper importers. Consequently, prices in the local market were unaffected. Transparent cellulose paper continued firm on low stocks and demand from Indonesia, Korea, and Burma. Newsprint-in-reel was steady on orders from Korea; newsprint-in-ream enjoyed repeated purchases by Thailand and Vietnam. MG white sulphite started bullish when stocks were low and demand from Korea and Thailand strong; price later eased when new supplies arrived. Woodfree printing was still favoured by Korea but low buying offers curtailed business. Glassine attracted orders from Thailand and Vietnam in the first half of the month; price declined when demand waned during the second half month. MG cap was active in both local sales and exports, but high cost discouraged new indents. Aluminium foil and duplex board registered Korean purchases. MG ribbed pitched kraft registered steady demand from exporters, but low stock and high price curtailed business. Straw board, poster, foolscap, unglazed kraft, grease proof, and art printing remained steady in local sales.

Industrial Chemicals: Market reactivated in the latter part of the month when Taiwan, Korea, and S.E. Asia returned here for supplies; prices of several items gained either on short supply or because of higher cost. Linseed oil advanced further on low stock; demand from Taiwan and Vietnam was strong. Zinc oxide moved up quickly when cost advanced and supply dwindled. Ammonium bicarbonate was favoured by Taiwan and Korea; price firmed up on short stock. Taiwan also bought copper sulphate, iron oxide, magnesium sulphate, rongalite C lump, and citric acid; all except the last item scored gains. Sodium hyposulphite was active in exports to Indonesia, Taiwan, and Korea; price therefore recovered. Sodium cyanide, urea, nickel sulphate, and caustic soda were purchased by Korea at steady prices. Borax and tanning extract enjoyed both local and overseas demand. Shellac dipped further despite Korean demand because indent was again lowered. Zinc chloride improved on higher indent and lower stock. Potassium carbonate first improved on short stock but dropped quickly when

new supplies arrived. Local demand kept cup grease, paraffin wax, sulphur powder, sodium bicarbonate, sodium nitrate, sodium sulphide, bleaching powder, glycerine, carbolic acid, and oxalic acid on a steady level. Gum arabic failed to recover despite enquiries from Taiwan and titanium dioxide was depressed by low buying offers. Acetic acid eased when cost marked down.

Pharmaceuticals: The market was active throughout the month; many indent bookings were registered. Prices were steady in general. Transactions concluded included amidopyrin, calcitostin, creosote, gum acacia, hexamina, lyzol solution, olive oil, and salicylic acid powder to Taiwan; atophan tablet, dihydro-streptomycin, santonin crystal, sulfadiazine powder, and sulfathiazole powder to Korea; aspirin powder, atophan tablet, cod liver oil capsule, dihydro-streptomycin, ferri ammonium citrate, glucose powder, penicillin preparation, quinine ethylcarbonate, saccharine crystal, sulfadiazine powder, sulfathiazole powder, and eye lotion to S.E. Asia. Local demand for these items was also steady.

Cotton Yarn & Textile: HK yarns enjoyed steady demand at improved prices. Indian yarns registered only limited business at barely steady prices; Pakistan yarns were depressed by new arrivals; Japanese yarns were popular but prices failed to improve. Japanese staple fibre yarn was bearish. In the cotton textile market, active purchases by Indonesia and Vietnam stimulated prices in the second half of the month; grey sheeting was very popular.

Rice: Trading was active. Imports from various sources were well absorbed by the steady local demand. Prices were steady.

Wheat Flour: Prices were weak under heavy stock and weak demand. Marked-up Canadian and Australian indents failed to stimulate quotations here.

Sugar: The sugar market recovered from its early sluggish condition when demand improved during the latter part of the month. Prices improved despite new arrivals from various sources. Candy sugar and brown sugar were particularly popular.

Cement: Satisfactory business was maintained in both local and export sales during the month. Chinese cement was popular; more than 30,000 tons were sold since the beginning of the year. Japanese cement remained fairly active and new bookings were reported. Green Island products enjoyed steady orders from local contractors and buyers in S.E. Asia.

Marine Products: Local and overseas demand kept the market active. Awabi

was firm under purchases by Thailand, Vietnam, and the Philippines. Bichodemar steady in local sales. Compo first improved on advanced cost and demand from Singapore but receded later when sales slowed down. Cuttle fish was favoured by local retailers and buyers from Vietnam and Thailand. Dried shrimp registered exports to Taiwan and the Philippines but prices failed to gain because of heavy arrivals. Shark's fin cake was purchased by Thailand at steady prices. Local demand also kept dried fish, dried oyster, dried squid, and sea blubber steady.

Sundries: Thailand, Vietnam, Cambodia, Singapore, and Malaya provided the usual demand. Water melon seeds continued active; prices were further stimulated by higher cost. Agar agar, bamboo shoot, lily bulb, pearl barley, and fruit meat gained on improved demand. Black fungus were purchased by Thailand and Vietnam; prices advanced on short supply. Dried lichee was bought by the same sources at steady prices. Mushroom was very popular in local sales but abundant supply depressed prices. Other popular items were bean stick, bean thread, preserved date, dried celery cabbage, lotus nut, plum, violet seaweed, walnut meat, salted vegetable, and dried persimmon. Apricot kernel declined when supplies continued to arrive from India.

COMMODITY PRICES ON JANUARY 31, 1956

CHINA PRODUCE

(Prices per picul unless specified otherwise)

Aniseed Star: Kwangsi, 1st quality \$128 per quintal. Bran (Rice): Poonpoh mixed \$25.30. Rangron \$24.50. Bran (Wheat): HK \$25. Camphor Tablet: HK processed, ¼-oz \$3.65; ¼-oz \$3.60; all per lb. Cassia Lignea: Kwangtung/Kwangsi, 1-cwt bale \$55; 80-lb bale \$52. Toasted Garlic: Hit-oh \$94.30; Swatow. A grade \$60; Kam Shan \$129 per quintal. Whole Hen Egg: Spray process, North China 5/6d per lb c & f Europe. Dried Alhemen: Tientsin 7/8d c & f Japan. Duck Feather: HK, N.N. 85% \$480; Vietnam, 1st quality \$340; South China 69d per lb c & f Europe. Goose Feather: HK, GGS 90% \$640. Gypsum: Hupeh, white colour \$7.80. Floorspar: Hunan 85-90% \$10/10 per metric ton c & f Japan. Lead Ingot: 99.9% \$115. Talcum Powder: East China \$235 per metric ton. Tin Ingot: Straits 99.75% \$770. Hog Bristle: Tientsin, No. 55 black 28/0d; Hankow, No. 17 black 24/11d; Chungking, No. 27 black 18/6d; Shanghai No. 17 black 14/0d; all per lb c & f Europe. Ramie: Thai, yellow, 1st grade, new \$82; Taiwan forward \$120. Hemp: North China \$138/- per metric ton c & f Europe. Raw Silk: Shanghai, 20/22 denier AAA grade \$3,270; AA grade \$3,235; A grade \$3,215; Canton AA grade, \$3,110. Dried Red Chili: Hunan \$104; Honan \$90; Shangtung \$88; Anhwei \$78. Rosin: Kwangtung, X grade \$1,132 per metric ton; AAA grade \$1,124 per metric ton. Sesamum, Unhulled: Hupeh, light brown \$81; Thai, black \$65; Vietnam, brown \$58. Hemp Seed: North East China, new, large \$97. Castor Seed: Thai forward \$54/18 per metric ton cif Japan. Silk Waste: Liao-tung, A grade, tussah silk waste 74/6d per kg cif Japan; Soochuen, spun silk tops, 60-kilo case, A grade \$1,950 per case; Kwangtung, A grade, hard matte, white \$560 per quintal. Tea: Fukien, Pai Mu Tan, white, 1st quality \$1,630; Fukien, Ti Kwan Yin, black, 1st quality \$1,920; Anhwei, black, \$4 per ¼-lb-

tin; Taiwan, Jasmine, 1st quality \$470. Spun Silk: Shanghai, 50-kilo case 210/2 \$1,384; 140/2 \$1,691; 120/2 \$1,639; all per case. Aniseed Oil: Kwangsi, in drum \$1,600. Camphor Oil: Taiwan, refined, in drum \$175; Kwangsi, crude, in drum \$150. Cassia Oil: 80-85% in drum \$1,330. Citronella Oil: Taiwan \$9.40 per lb. Eucalyptus Oil: Shanghai 80/85% \$3.50 per lb. Peppermint Oil: Shanghai \$26 per lb. Teased Oil: in bulk April forward \$250/- per ton c & f Europe. Woodoil: refined, in bulk, spot \$184; in bulk, April forward, ex-KG railway station \$2,950 per metric ton. Bitter Almond: Indian, red membrane \$400. Alum: Chekiang \$20. Bee Wax: Kwangsi \$435/- per metric ton c & f Japan. Galangal: Kwangtung, export quality \$24. Gallnut: Hupeh \$170. Dried Ginger: Hunan, whole, old \$125. Hop Seeds: Tientsin \$48. Kapok: Hainan, selected \$210. Maize: Thai, red, forward \$23.90; Vietnam, red, forward \$25.50. Menhbol Crystal: Shanghai, \$95 per lb. Rhubarb: Tientsin \$24Q \$35. Silk: Wadding: Canton, forward \$38.50 per kilo. Teased Cake: Kwangtung/Kwangsi, new \$13.50; Fukien, new \$12.50. Turmeric: North West China \$74. Honey: Honan \$120/- c & f Europe per metric ton. Liqueur: North China, 2nd grade \$100 per quintal.

METALS

(Prices per picul unless specified otherwise)

Mild Steel Angle Bars: Con. or Jap. ¼" x 1" x 1" \$57; 3/16" x 1¼" x 1¼" \$51; 5/16" x 2¼" x 2¼" \$49. Mild Steel Flat Bars: Con. or Jap. ¼" x ¼" \$51; ½" x 1" \$51; ¾" x 1" 2" \$50; HK ¼" x ¼" \$49; ½" x 1" \$49. Mild Steel Round Bars: Con. 40" length, ¼" to ¾" \$50; ½" to ¾" \$49; ¾" to 1" \$48.50; 1¼" to 1½" \$49; HK 20-40" length, ¼" to ¾" \$48; 1" to 1½" \$48. Mild Steel Square Bars: Con. 20-22" length, ¼" \$51; ½" to 1" \$51; 1¼" \$50; 1½" \$50. Mild Steel Plate: Jap. 4x8", 1/32" \$59; 1/16" \$56; 3/32" \$54; 1/8" \$55; 3/16" \$56; ¼" to ½" \$56. Steel Wire Rope: HK 24x6x720", 1" \$1.90; 1¼" \$1.65; 1½" \$1.45; 2" \$1.30; 2½" \$1.15; 3" \$1.05; UK, 24x6x7, 1" \$2.38; 1¼" \$1.90; 1½" \$1.70; 2" \$1.38; 2½" \$1.20; 3" \$1.12; all prices per lb. Tin Plate Waste: Electrolytic, US 18x24" 200-lb case with tin-lining \$86 per case; 1-ton skid \$84 per 200 lbs; UK, 18x24" 1-ton skid \$84 per 200 lbs; Coked, US 18x24" 200-lb packing \$100 per case; 1-ton skid \$95 per 200 lbs; UK, 18x24" 200-lb case \$89 per case; Misprint, UK 18x24" & larger \$48.50. Black Plate Waste: UK, 18x24" & larger, G29-G33 \$50. Galvanized Iron Sheets: Jap. 3x7", USG24-26 55c per lb; USG28 57c per lb; USG31 56c per lb. Tin Plate: UK, 20x28" 200-lb case of 112 sheets with tin-lining \$119 per case; 30x36" G24 76c per lb. Black Iron Plate: Jap. 3x6", G22 58c; G24-G26 \$57; G30-G31 \$59. Aluminium Sheets: Jap. 4x8" 99.5% alloy, G22 \$2.25; 2x6", G18 \$2.20; G20 \$2.20; G26-G28 \$2.25; all per lb. Brass Sheets: UK, 4x4", 20-25 lbs per sheet \$425; 30-40 lbs per sheet \$420. Copper Sheets: German, 4x8" 3" 1/32" \$4.20 per lb. Zinc Sheets: Con. 3x8", G5 \$130; G6 \$130; G8-G10 \$132. Black Iron Pipes: Con. 18-22", ¼" 40c; ¾" 50c; 1" 70c; 1¼" \$1; 2" \$1.55; all per ft. Galvanized Iron Pipes: Con. 18-22", ¼" 47c; ¾" 57c; 1" 80c; 1¼" 88c; 1½" \$1.38; 2" \$1.88; 3" \$3.70; 4" \$4.20; all per ft. Scraps: Brass, salvaged from engine parts, large & medium sizes \$255.50 per lb, mixed \$260.60; new sheet, cuttings \$275; Copper 99% mixed \$380.70; Wrought Iron, 1st choice \$320 per ton; 2nd choice \$260 per ton; Iron Plate, ship salvage ¾" \$33.20; ½" & over \$34.

PAPER

(Prices per ream unless specified otherwise)

Aluminium Foil: UK, 60 gr. 22-lb ream 20x26" thick, golden colour \$88; Dutch or Austrian, same specification but silver colour \$61.50. Duplex Board: One side coated 31x43" 250 gr. 240-lb ream, Swedish \$161; Czech \$137; Norwegian \$145; Austrian \$138; Polish \$136; Japanese \$145; 250 gr. 220-lb ream, Swedish \$142; Czech \$125; Austrian \$126; Norwegian \$125; Finnish \$130; Japanese \$79. Transparent Cellulose Paper: 36x39", 30 gr. Japanese \$76.50; Italian \$73.50; French \$74; Belgium \$75. Newsprint in Reels: 50-52 gr. 31", US 55c; Canadian 53½c; Chinese

47c; Norwegian 52½¢; Austrian 51c; all per lb. Newsprint in Ream: 31x43", Cont., 50-52 gr. 50-lb ream \$27.50; Japanese 50 gr. 48-lb ream, original packing \$21.50; Chinese 50 gr. 48-50-lb ream \$23.50. M.G. Ribbed Pitched Kraft: Swedish, 100 gr. 118-lb ream 35x47" \$93. M.G. Pure Ribbed Kraft: Swedish, 40 gr. 47-lb 35x47" \$82.60; Japanese 38-39 gr. 45-46-lb 35x47" \$28; Cont., 60-160 gr. 75-160-lb ream 35x47" 74c per lb. Unglazed Pure Kraft: 35x47", Swedish 60-140 gr. 75-160-lb ream 73½¢; Austrian 100-140 gr. 115-160-lb ream 70c; Japanese 80-140 gr. 90-160-lb ream 64c; Chinese 40-80-lb ream 60c; all per lb. Art Printing: One-side coated, 31x43" 90 gr. 85-lb ream, UK \$99; Italian \$95.50; Dutch \$92; Japanese \$83; US \$89; Two-side coated, UK 95-120 gr. 90-110-lb ream \$1.25 per lb; UK 95 gr. 88-lb ream \$105. Woodfree Printing: 31x43" Austrian or Dutch 60 gr. & below 43-48-lb ream 83½¢; 60 gr. & over 57-60-lb ream 78½¢; 62-83 gr. 65-80-lb ream 80c; Japanese 60-100 gr. 67-100-lb ream 68c; 50 gr. 45-lb ream 65½¢; Chinese 60-90-lb ream 64c; all per lb. Bond: 22x34" white, 60 gr. 32-lb ream, Norwegian or Swedish \$80.50; Central Europe \$26; Cont. \$23.50; Japanese \$21.20. Prime Glassine: 30 gr. 26-lb ream 30x40" French, German & Austrian \$35; Swedish \$34.30; Japanese \$31.80. M.G. Furs Sulphate: 20 gr. 7-lb ream 30x40" Swedish \$14.40; Norwegian \$14; Austrian or Czech \$13.80. Strawboard: 26x31" Dutch 8-16 oz \$500; 10-14 oz \$600; Japanese 8 oz \$450; 8-16 oz \$460; 20-32 oz \$565; Chinese 8-16 oz \$375; all per ton. Manifold: 22x34" 30 gr. 16-lb white, Swedish or Norwegian \$16. Mechanical Printing: 31x43" 60 gr. 57-lb Central Cont. 64c; Swedish or Norwegian 57c; all per lb.

per 1-oz tube \$5.80 per doz. Penicillin-G in Oil, Procaine: 300,000 units per cc, 10 cc per vial, UK 1958 \$2.35 per vial; US 1957 \$2.60 per vial; French 1957 \$1.60 per vial. Dihydrostreptomycin: UK 1959 77c per vial of 1 gm, 1958 63c; French 1958 67c per vial of 1 gm, 1959 65c. Sulphadiazine Powder: UK 14-lb tin \$25.50; French 10-kilo tin \$24; Japanese 10-kilo tin \$24; Danish 50-kilo drum \$7; French 50-kilo drum \$7; Dutch 50-kilo drum \$6.70; German 50-kilo drum \$6.80. Sulphathiazole Powder: French 50-kilo fibre drum \$9.50; Italian 100-kilo drum \$8.70; German 50-kilo drum \$9.30. Quinine Ethylcarbonate: Dutch 1-oz carton \$2.55 per oz. Quinine Sulphate (1932): Dutch 100-oz tin \$135 per tin. Amidopyrin: French \$16.50; US \$17; UK \$16.20. Phenacetin: Dutch 50-kilo drum \$5; UK 200-lb drum \$5.15; German 50-kilo drum \$5.08. Saccharum Lactose: German 1-cwt case 93c; Dutch 2-cwt case 93c; New Zealand 56-lb tin 95c. Santonin: UK 1-kilo tin \$15.50 per oz. PAS Powder: UK 8-oz tin \$5.70 per tin; French 250 gm tin \$5.50 per tin; UK 50-kilo drum \$17.50 per kilo. Chloroform UK 1-lb bottle \$2.10 per bottle. Caffeine Alkaloid: Dutch 50-kilo drum \$17.50; German 1-kilo tin \$16.80. Ascorbic Acid Powder: Canadian \$30 per kilo tin; Swiss \$35 per kilo bottle; German \$36 per kilo tin. Ferri Ammonia Citrate: German 5-kilo tin \$3.20; UK 2-lb tin \$3.30. Atophan Tabs: 20's tube \$1.55. Calc-Ostelin Ampoules: UK 30cc vial \$6.25 ctf Keeling. Baritone: UK 1-cwt drum \$4.40; US 1-lb package \$15.

Sugar Candy: HK 2nd quality \$55. Sugar Slab: brown, HK, 1st quality \$36.50, 2nd quality \$35. Malt Sugar: Thai \$41.50.

CEMENT

(Prices per bag unless specified otherwise)

Green Island: Emeraldcrete, rapid hardening, 112-lb bag, retail \$8.20, official \$7.15; Emerald, 112-lb bag, retail \$7.10, official \$6.30. Chinese: 45-kilo bag \$110 per metric ton cif HK ex-ship. Japanese: 100-lb bag \$5.90, 1-cwt \$6.60. White Cement: Snowcrete, 375-lb drum, retail \$56.50 per drum, official \$60 per drum, 1-cwt, retail, \$15.20, official \$14.50; German Bate, 1-cwt bag \$14.

MARINE PRODUCTS

(All prices per picul)

Awabi: Japanese 20-pcs per cty \$2,350; 45-pcs per cty \$1,500. Compo: Japanese, large, old \$1,100, medium, new, \$1,060. Dried Cuttle Fin: Kwangtung, large, new, \$677; Japanese, Migaki, small, 2nd quality \$200. Hoptara: Japanese, 1st quality \$115. Dried Octopus: HK, large \$300; Kwangtung, medium \$215. Oyster: Kwangtung, dried, large \$877; medium \$548. Prawn & shrimp: Kwangtung, 2nd quality, B grade \$440; Ssangnai, 1st quality, red, \$367; India, 2nd quality \$205. Shark's Fin: Japanese, Koota, large, 2nd quality \$350. Shark's Fin Cake: Chinese, fine needle \$1,390. Dried Squid: Kwangtung, large \$162; Fukien \$70.

INDUSTRIAL CHEMICALS

(Prices per picul unless specified otherwise)

Acetic Acid: (Glacial) 99/100% German 52c per lb. Stearic Acid: Belgian 100-kilo bag, needle form 95c per lb; Australian 140-lb bag, powder form 71c per lb. Oxalic Acid: (Crystall) German 100-kilo barrel 70c per lb. Barium Chloride: German 50-kilo bag \$60 per ton. Bicarbonate of Ammonia: UK 2-cwt drum, spot \$675 per ton; German 50-kilo drum \$60 per ton. Bleaching Powder: UK 35% 1-cwt drum \$33.50. Borax (Granular): US 100-lb paper bag \$32.50 per bag. Calcium Hypochlorite: Jap., 60% 50-kilo drum 62c per lb. Caustic Soda: Chinese 250-kilo drum \$117; UK 300-kilo drum \$149; Japanese 300-kilo drum \$147; all per drum. Chlorate of Potash: French 1-cwt drum 62c; Swiss 100-kilo drum 62c, UK 50-kilo case 62c; all per lb. Formalin: UK 40% volume 48-lb drum \$52 per lb. Glycerine: Chinese 20-kilo tin \$1.75; Dutch \$2.1260 250-kilo drum, public godown stock \$2.05; all per lb. Gum Arabic: Sudan 100-kilo bag 95c per lb. Linseed Oil: UK 400-lb drum \$150. Red Phosphorus: Canadian 11-lb tin 1/10 case \$300 per case. Rongalite C (Lump): French \$1.05 per lb. Rosin: US "WW" 517-lb drum \$82, Shellac: Indian No. 1, 164-lb case \$345. Soda Ash: Chinese 50-kilo bag \$23.50; UK 100-kilo bag (dense) \$32; 70-kilo bag (light) \$26.60; all per bag. Sodium Bichromate: Australian 560-lb drum 85c per lb. Sodium Cyanide: German 50-kilo drum \$1.13 per lb. Sodium Hydrosulphate: French 50-kilo drum \$155; UK 50-kilo drum \$185; US 250-lb drum \$160. Sodium Nitrate: German 50-kilo gunny bag \$24. Sulphur Powder: German 50-kilo bag \$29; US 100-lb bag \$30. Industrial Tallow: Australian No. 1 990-kilo drum \$79; US 400-lb drum \$79; German 180-kilo drum \$82. Titanium Dioxide: German 50-kilo gunny bag \$2.20; UK 56-lb paper bag \$2.10; Japanese 20-kilo paper bag \$1.85; US 50-lb paper bag \$2.20; all per lb. Zinc Chloride: Belgian 1-cwt drum \$1,400 per ton. Zinc Oxide 99%: Dutch 50-kilo gunny bag 73c; German 50-kilo paper bag 75c; Chinese 50-kilo gunny bag 65c; South African 50-kilo gunny bag 80c; all per lb. Gum Copal: Malayan No. 140-catty gunny bag \$235.

Hongkong Yarns: 10's \$810 to \$910; 12's \$860 to \$940; 16's \$1,000 to \$1,060; 20's \$1,060 to \$1,170; 26's \$1,200 to \$1,280; 32's \$1,370 to \$1,480; 40's \$1,520 to \$1,600; 42's \$1,660 to \$1,700. Indian Yarns: 20's \$865 to \$915; 32's \$1,150 to \$1,160. Japanese Yarns: 32's \$1,430 to \$1,470; 40's \$1,550 to \$1,580; 42's \$1,710 to \$1,730. Pakistan Yarns: 20's \$840 to \$960; 32's \$1,230; 40's \$1,490. Taiwan Yarns: 32's \$1,220 to \$1,280.

COTTON PIECEGOODS

(All prices per piece)

Grey Sheatings: Chinese 36" x 40 yds 63x64 \$37; 60x60 \$35.50; 60x66 \$35; HK 36" x 40 yds 60x56 \$38.50 to \$39; Indian 35" x 40 yds 44x48 \$27; 44x40 \$26; Japanese No. 2003 \$38. White Shirting: HK 36" x 42 yds \$34; Japanese No. 16000 \$46; No. 10000 \$46.

RICE

(All prices per picul)

White Rice: Thai, Special-3%, old, \$62.40; A-5%, old, \$61.50; B-10%, old, \$60.80; C-15% old, \$59.20; Canton, 2nd grade, new, \$57.90; Rangoon, B grade \$35.30. Three Quarter Rice: Thai, 2nd class, new \$46.90. Broken Rice: Thai, A-1 Special, new, \$40.50; A-1 ordinary, old, \$41.90, new \$37. Glutinous Rice: Thai, new, A-1 ordinary broken \$35.80.

WHEAT FLOUR

(Prices per bag of the designated weight)

Australian: 50-lb bag \$11.80 to \$13. American: 50-lb bag \$15 to \$18; 100-lb bag \$22.50 to \$33. Hongkong: 50-lb bag \$11.70 to \$15.20. Japanese: 50-lb bag \$11.50 to \$13. German: 150-lb gunny bag, afloat, \$32.

SUGAR

(All prices per picul)

Granulated Sugar: Taiwan, refined No. 24 \$41.80; No. 18 \$36; Cuban brown \$34.50; Australian brown \$36.60; Taikoo, granulated \$42, Jobber's price \$44; Japanese \$43.50; French \$40.20; Philippine brown, 1st quality \$34.60.

PHARMACEUTICALS

(Prices per lb. unless specified otherwise)

Penicillin-G Procaine Fortified: 400,000 units per dose—UK 1957 35½¢ per vial; French 1958 16c per vial. Penicillin Ointment: UK 2,000 units

SUNDRY ARTICLES

Table Spoon & Fork: Japanese \$18.50 per gross. Harmonics: Japanese, 21-reeds \$50; 23-reeds \$54; 24-reeds \$66; all per dozen. Rayon Hair Netting: Japanese \$5 per gross. Lighter: UK, large \$87, small \$83; Japanese, ordinary \$5.40; Austrian, new, 12; all per dozen. Lighter Flint: German \$38.50; US \$45; Austrian \$46; all per kilo. Sewing Needle: German, 1.5m \$11; 4-8m \$11; 8-12m \$11; Japanese, 1st grade, 1.5m \$8.70; 4-8m \$8.70; 8-12m \$8.80; all per 1,000 pcs. Nail Clipper: US, plain \$80; with file \$84; all per gross. Ball Pen: US, all gold metal \$12.50 to \$14.20; Ballpointpen, thin model \$5.70; all per dozen. Plastic Button: Coloured, US, No. 18 \$5.50; No. 22 \$6.20; No. 24 \$5.60; No. 28 \$9; all per dozen/gross. Plastic Stud: German, large \$10.20; small \$8.60; UK, large \$8; small \$7.50; all per dozen/gross. Playing Card: US, No. 491 \$152; No. 23 (gift edge) \$270; all per gross. Slide Fasteners: Japanese, brass gold plated, with ring \$3, \$1.40; 4" \$1.52; 8" \$3.28; 14" \$3.35; HK, brass, 4" \$2.33; 6" \$2.81; 8" \$3.29; 10" \$3.77; 14" \$4.86; all per dozen.

HONGKONG COMPANY INCORPORATIONS

The following new private companies were incorporated in Hongkong during the period from February 27 to March 17, 1956:

Hale, Hamilton (Hongkong), Limited: Importers and exporters; Nominal Capital, \$200,000; Registered Office, 715-716 Marina House, Hongkong; Subscribers—Charles Lee, 257 Prince Edward Road, 1st floor, Kowloon, Ching-yung Tang, 30 Prat Avenue, ground floor, Kowloon, Merchant.

Grand Investment Company, Limited: Nominal Capital, \$1 million; Registered Office, 224 Hongkong Bank Building, Hongkong; Subscribers—Chu-tsai Lee, 395 Queen's Road East, 3rd floor, Hongkong, Merchant; Fook-sze Chang, 346 King's Road, 4th floor, Hongkong, Merchant; Yuh-poh Chen, 177 Boundary Street, 1st floor, Kowloon, Merchant.

Luen On Electrical Appliances Company, Limited: Exporters and importers; Nominal Capital, \$40,000; Registered Office, 88 Wing Lok Street (1st floor), Hongkong; Subscribers—Hui Siu Nan, 88 Wing Lok Street, 1st floor, Hongkong, Merchant; Poon Wing Kai, 5D Hillview Apartments, Kadoorie Avenue, Kowloon, Merchant.

Empire Distributors, Limited: Importers and exporters; Nominal Capital, \$10,000; Registered Office, 701 Hongkong and Shanghai Bank Building, Nathan Road, Kowloon; Subscribers—Robert Leigh, 66 Robinson Road, 1st floor, Hongkong, Merchant; Flora Lieu, 66 Robinson Road, 1st floor, Hongkong, Married Woman.

Ceco International (Hongkong) Limited: Importers and exporters; Nominal Capital, \$250,000; Registered Office, Queen's Building, Hongkong; Subscribers—Leo A. Fialla, Peninsula

Hotel, Kowloon, Merchant; Rosella Fialla, Peninsula Hotel, Kowloon, Married Woman.

Eastern Marine Company, Limited: Merchants and ship owners; Nominal Capital, \$10,000; Registered Office, 124 Caine Road, 2nd floor, Hongkong; Subscribers—David F. Kiang, 124 Caine Road, 2nd floor, Hongkong, Merchant; Pao-lin Li, 124 Caine Road, 2nd floor, Hongkong, Married Woman.

Poon Brothers and Company, Limited: To invest in land; Nominal Capital, \$500,000; Registered Office, 8 Stafford Road, Kowloon; Poon Cho-fun, 8 Stafford Road, Kowloon, Company Director; Woo Tze-hing, 8 Stafford Road, Kowloon, Bookkeeper.

Fr. Freuthal Limited: Importers and exporters; Nominal Capital, \$200,000; Registered Office, 602 Holland House, Hongkong; Subscribers—C. Y. Shilling Siao, 65 King's Road, Hongkong, Merchant; M. K. Tong, 66 Lockhart Road, Hongkong, Clerk.

Glafor (Hongkong) Limited: Importers and exporters; Nominal Capital, \$50,000; Registered Office, 701 Bank of East Asia Building, Hongkong; Subscribers—Frederick Glaser, 30 Hallswelle Road, London, N.W. 11, Company Director; Danny Ismail, 6A Prat Avenue, 2nd floor, Kowloon, Merchant.

Oriental Progress Company, Limited: Exporters and importers; Nominal Capital, \$300,000; Registered Office, 8/8A Queen's Road, Central, Hongkong; Subscribers—Tomio Nishimura, 207 Palm Court Hotel, Kowloon, Merchant; Wang Meng Hsiung, 11 Tai Yuen Valley Hangar, Kai Tak, Kowloon, Merchant.

Lo Brothers Limited: To construct and purchase steamships and other vessels; Nominal Capital, \$1 million; Subscribers—Lo To, 3 Salisbury Avenue, Kowloon, Merchant; Lo Sum, 587 Nathan Road, ground floor, Kowloon, Merchant; Law Tsoi, 587 Nathan

Road, ground floor, Kowloon, Merchant.

Mrs. B. M. Brayne Limited: Dress makers; Nominal Capital, \$30,000; Registered Office, 101 Kowloon Hotel, Kowloon; Subscribers—B. Brayne, 3 Macdonnell Road, Apt. 104, Grayview Apts., Hongkong, Proprietress; Louise White, 316 Peninsula Hotel, Kowloon, Manageress.

Sunny Medicine Company, Limited: Nominal Capital, \$150,000; Registered Office, 566 Nathan Road, ground floor, Kowloon; Subscribers—Kin-sang Chu, 21 Cheung Fat Street, 1st floor, Kowloon, Merchant; Lee Kim Kam, 21 Cheung Fat Street, 1st floor, Kowloon, Married Woman.

Tung Chai Ferry Company, Limited: Nominal Capital, \$100,000; Registered Office, New Wharf off Percival Street, Wanchai, Hongkong; Subscribers—Ngai Shan Sin, 12 Wong Ma Kok Road, 2nd floor, Hongkong, Merchant; Cheng Yick Man, 373 Nathan Road, 3rd floor, Kowloon, Merchant.

Metalock (Far East) Limited: Engineers and founders; Nominal Capital, \$100,000; Registered Office, 319/322 Prince's Building, Hongkong; Subscribers—T. J. Y. Rasborn, Park Mansions, Taipo Road, Kowloon, Merchant; S. E. W. Bjelkelov, "Francis Ville", Taipo Road, Kowloon, Engineer.

Amfarco Enterprises (Hongkong) Limited: Manufacturers, importers & exporters; Nominal Capital, \$100,000; Registered Office, 403 Holland House, Hongkong; Subscribers—Lewis Cykman, 31 Saladaeng Road, Bangkok, Thailand, Merchant; Edwin Charles Bok, 14 Tak Hing Street, top floor, Kowloon, Merchant.

New Asia Shipping Company, Limited: Nominal Capital, \$1 million; Registered Office, 610 Alexandra House, Hongkong; Subscribers—Li Fook Shu, 6 Kennedy Terrace, 2nd floor, Hongkong, Chartered Accountant; Li Fook Shiu, 8 Kennedy Terrace, 3rd floor, Hongkong, Merchant.